

Oracle® Banking Treasury Management Derivatives User Guide



Release 14.7.3.0.0

F93898-01

February 2024

The Oracle logo, consisting of a solid red square with the word "ORACLE" in white, uppercase, sans-serif font centered within it.

ORACLE®

F93898-01

Copyright © 2020, 2024, Oracle and/or its affiliates.

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.

If this is software, software documentation, data (as defined in the Federal Acquisition Regulation), or related documentation that is delivered to the U.S. Government or anyone licensing it on behalf of the U.S. Government, then the following notice is applicable:

U.S. GOVERNMENT END USERS: Oracle programs (including any operating system, integrated software, any programs embedded, installed, or activated on delivered hardware, and modifications of such programs) and Oracle computer documentation or other Oracle data delivered to or accessed by U.S. Government end users are "commercial computer software," "commercial computer software documentation," or "limited rights data" pursuant to the applicable Federal Acquisition Regulation and agency-specific supplemental regulations. As such, the use, reproduction, duplication, release, display, disclosure, modification, preparation of derivative works, and/or adaptation of i) Oracle programs (including any operating system, integrated software, any programs embedded, installed, or activated on delivered hardware, and modifications of such programs), ii) Oracle computer documentation and/or iii) other Oracle data, is subject to the rights and limitations specified in the license contained in the applicable contract. The terms governing the U.S. Government's use of Oracle cloud services are defined by the applicable contract for such services. 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 fail-safe, 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.

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

Intel and Intel Inside are trademarks or registered trademarks of Intel Corporation. All SPARC trademarks are used under license and are trademarks or registered trademarks of SPARC International, Inc. AMD, Epyc, and the AMD logo are trademarks or registered trademarks of Advanced Micro Devices. UNIX is a registered trademark of The Open Group.

This software or hardware and documentation may provide access to or information about 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 unless otherwise set forth in an applicable agreement between you and Oracle. 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, except as set forth in an applicable agreement between you and Oracle.

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>.

Contents

Preface

| | |
|----------------------------|------|
| Audience | vii |
| Acronyms and Abbreviations | vii |
| Conventions | viii |
| List of Topics | viii |
| Related Resources | ix |
| Symbols and Icons | ix |

1 Overview of Derivatives

| | |
|----------------------------------|-----|
| 1.1 Types of Derivative | 1-1 |
| 1.2 Features of Derivatives | 1-2 |
| 1.2.1 Derivatives Workflow | 1-2 |
| 1.2.2 Maintain Mandatory Details | 1-3 |

2 Derivative Modules - General Maintenance

| | |
|-------------------------------------------------------------------------|------|
| 2.1 Prerequisites for the Application Login | 2-2 |
| 2.2 Define a New Product and Static Data | 2-2 |
| 2.3 Maintain an Existing Product and Static Data | 2-2 |
| 2.4 Maintain Derivative Types | 2-2 |
| 2.5 Maintain Branch Parameters | 2-7 |
| 2.5.1 Revaluation Reversal Scenario I - Along with the next Revaluation | 2-9 |
| 2.6 Maintain Counterparty Master Agreement Details | 2-11 |
| 2.7 Maintain Message Parties Details | 2-16 |

3 Define Attributes Specific to Derivative Products

| | |
|--------------------------------------------------|------|
| 3.1 Derivative Product Definition | 3-1 |
| 3.1.1 Create Derivative Product | 3-1 |
| 3.1.2 Preference | 3-4 |
| 3.2 ISDA | 3-20 |
| 3.3 Derivatives Revaluation Contract Fair Values | 3-21 |

| | | |
|-------|-------------------------------------------------------------------------|------|
| 3.3.1 | Define the Fair Price Revaluation Methods | 3-21 |
| 3.3.2 | Maintain Fair Values for Revaluing a Contract | 3-22 |
| 3.3.3 | Interest Revision | 3-23 |
| 3.3.4 | Operations on the Contract Fair Price Maintenance record | 3-24 |
| 3.4 | Derivatives Revaluation Branch Interest Rates | 3-24 |
| 3.4.1 | Maintain Branch-wise Forward Interest Rates | 3-24 |
| 3.4.2 | Branch wise Forward Interest Rate Maintenance record Operations | 3-26 |
| 3.5 | Derivatives Revaluation Contract Interest Rates | 3-26 |
| 3.5.1 | Maintain Contract specific Forward Interest Rates for Revaluation | 3-27 |
| 3.5.2 | Operation of Contract Specific Forward Interest Rate Maintenance record | 3-28 |

4 Batch Process

| | | |
|---------|---------------------------------|-----|
| 4.1 | Daily Events | 4-1 |
| 4.1.1 | Process Automatic Daily Program | 4-2 |
| 4.1.2 | Batch Process | 4-2 |
| 4.1.2.1 | Upload DV Contracts | 4-3 |
| 4.1.3 | External Revaluation | 4-4 |

5 Process a Derivatives Contract

| | | |
|-------|-------------------------------------------------------------|------|
| 5.1 | Maintain the Derivative Contract Input Screen | 5-2 |
| 5.1.1 | Holiday Validation Assumptions | 5-60 |
| 5.1.2 | Split Settlements | 5-61 |
| 5.1.3 | Reporting Details Maintenance | 5-63 |
| 5.2 | Saving the Details of a Contract | 5-68 |
| 5.3 | Inflation Swap Processing | 5-69 |
| 5.3.1 | Zero-coupon Swap (ZCIS) | 5-69 |
| 5.3.2 | Inflation Revenue Swap | 5-73 |
| 5.3.3 | Interpolation and Lag | 5-75 |
| 5.4 | Processing Amendment on Derivatives Contract Details Screen | 5-76 |
| 5.5 | View Derivative Contract Details | 5-76 |
| 5.6 | Contract Upload | 5-78 |
| 5.6.1 | Upload Contracts for Amendment | 5-78 |
| 5.6.2 | Note on DV Contract Amendment Upload | 5-79 |
| 5.6.3 | Processing Amendment fee from Contract input screen | 5-80 |
| 5.6.4 | Upload Derivative Rates | 5-81 |
| 5.6.5 | Validations | 5-81 |
| 5.7 | Schedule Confirmation | 5-81 |
| 5.7.1 | Confirm Interest and Principal Schedules | 5-82 |
| 5.7.2 | Confirm a schedule | 5-82 |

| | | |
|----------|------------------------------------------------|------|
| 5.8 | Reassign contract to another user | 5-83 |
| 5.9 | ISDA Confirmation | 5-84 |
| 5.9.1 | ISDA Confirm Summary | 5-86 |
| 5.10 | Rate Fixing | 5-87 |
| 5.10.1 | Treasury Branch Parameter Maintenance | 5-87 |
| 5.10.2 | Treasury Rate Fixing Maintenance | 5-88 |
| 5.10.3 | Derivative Product Definition | 5-89 |
| 5.10.4 | Transaction Input | 5-89 |
| 5.10.5 | Rate fixing process | 5-89 |
| 5.10.6 | Manual principal reset processing on CCS deals | 5-90 |
| 5.10.7 | Manual Principal Reset Summary | 5-91 |
| 5.10.8 | Manual Principal Reset Processing from UI | 5-92 |
| 5.10.9 | Manual Principal Reset Processing on CCS deals | 5-92 |
| 5.10.10 | CCS Principal Reset EOD Processing | 5-93 |
| 5.11 | Manual Liquidation | 5-93 |
| 5.11.1 | Processing Manual Liquidation | 5-94 |
| 5.11.2 | Input of Manual Liquidation | 5-95 |
| 5.11.2.1 | View Manual Liquidation Summary | 5-96 |
| 5.12 | SGEN Messages Generation | 5-97 |

6 Risk Free Rates

| | | |
|-----|---------------------------------------|-----|
| 6.1 | Define Rate codes for Risk Free Rates | 6-2 |
| 6.2 | Risk Free Rates | 6-3 |
| 6.3 | RFR Enabling for SGEN | 6-4 |
| 6.4 | Treasury Interest Maintenance | 6-4 |
| 6.5 | Derivative Product | 6-4 |
| 6.6 | Derivative Contract | 6-5 |
| 6.7 | Derivative Manual Liquidation | 6-5 |
| 6.8 | Life Cycle Process Impact | 6-5 |

A Error Message for Derivative

B Accounting Entries and Advices

| | | |
|-------|-------------------------------------------|-----|
| B.1 | DV Events | B-1 |
| B.2 | Derivatives Amount Tags | B-2 |
| B.3 | Accounting Roles | B-4 |
| B.4 | Event-wise Accounting Entries and Advices | B-5 |
| B.4.1 | DBOK: Contract Booking | B-6 |
| B.4.2 | DINT: Contract Initiation | B-6 |

| | | |
|--------|-----------------------------------------|------|
| B.4.3 | FELR: Fee Liquidation | B-7 |
| B.4.4 | DILQ: Contract Interest Liquidation | B-7 |
| B.4.5 | Cash Flow | B-9 |
| B.4.6 | DPLQ: Contract Principal Liquidation | B-15 |
| B.4.7 | DRV L: Contract Revaluation | B-16 |
| B.4.8 | DIAM: Contract Inception Amortization | B-16 |
| B.4.9 | DTER: Contract Termination | B-17 |
| B.4.10 | DAMN: Contract Amendment | B-18 |
| B.4.11 | DIAC: Contract Interest Accrual | B-19 |
| B.4.12 | DTAM: Contract Termination Amortization | B-20 |
| B.4.13 | DRRL: Contract Revaluation Reversal | B-23 |

Index

Preface

This manual is designed to help you to quickly get acquainted with the Derivatives module of Oracle Banking Treasury Management.

- [Audience](#)
- [Acronyms and Abbreviations](#)
- [Conventions](#)
- [List of Topics](#)
- [Related Resources](#)
- [Symbols and Icons](#)

Audience

This guide is intended for Back Office Data Entry Clerk, Back Office Managers/ Officers, Product Managers, End of Day Operators, and Financial Controller users.

Acronyms and Abbreviations

The acronyms and abbreviations are listed in this below table:

Table 1 Acronyms and Abbreviations

| Abbreviations or Acronyms | Definition |
|---------------------------|------------------------------------------|
| AEOD | Automated End of Day |
| BOD | Beginning of day programs |
| AIF | Alternative Investment Fund |
| CCS | Cross Currency swaps |
| CLS | Continuous Linked Settlement |
| CIF | Customer Information Files |
| DV | Derivatives |
| Dr | Debit |
| EOFI | End of Financial Input |
| EOD | End of Day |
| ESMA | European Securities and Market Authority |
| FRA | Forward Rate Agreements |
| FX | Foreign Exchange |

Table 1 (Cont.) Acronyms and Abbreviations

| Abbreviations or Acronyms | Definition |
|---------------------------|------------------------------------|
| GL | General Ledger |
| IRS | Interest Rate Swaps |
| ICCB | Interest Commission Charge and Fee |
| LCY | Local Currency |
| LIBOR | London Interbank Offered Rate |
| MM | Money Market |
| OBTR | Oracle Banking Treasury Management |
| OT | Over the Counter Options |
| RFR | Risk Free Rates |
| WAC | Weighted Average Costing |
| ZCIS | Zero Coupon Swap |

Conventions

The following text conventions are used in this document:

Table 2 Conventions and Meaning

| Convention | Meaning |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| boldface | Boldface type indicates graphical user interface elements associated with an action, or terms defined in text or the glossary. |
| <i>italic</i> | Italic type indicates book titles, emphasis, or placeholder variables for which you supply particular values. |
| <code>monospace</code> | Monospace type indicates commands within a paragraph, URLs, code in examples, text that appears on the screen, or text that you enter. |

List of Topics

This guide is organized as follows:

| Topics | Description |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Overview of Derivatives | Explains the overview of the Derivative Module. |
| Derivative Module - General Maintenance | Explains the basic information maintenance that needs to be set up before the Derivatives module becomes operational. |
| Define Attributes specific to Derivative Products | Explains the procedure to Define Attributes specific to derivative products. |
| Process Derivative Contract List | Explains the details of a derivative that should be captured. It also explains how to associate a DV product with a DV contract. |
| Batch Process | Explains the Beginning and End of Day functions that are processed by the system. |

| Topics | Description |
|--------------------------------|-------------------------------------------------------------|
| Process a DV contract | Explains the processing of a DV Contract. |
| Risk Free Rates | Explains the Risk Free Rates. |
| Accounting Entries and Advices | Explains the accounting entries and advices of DV contract. |
| Error Code and Messages | Explains the error code and messages of DV contract. |

Related Resources

For more information, see these Oracle Banking Treasury Management resources:

- *The Procedures User Manual*
- *The Messaging User Manual*

Symbols and Icons

Table 3 Symbols

| Icons | Function |
|-------------------------------------------------------------------------------------|-------------|
|  | Exit |
|  | Add row |
|  | Delete row |
|  | Option List |

1

Overview of Derivatives

Derivatives are contracts that derive their value from one or more underlying assets. The underlying assets can be stocks, bonds, commodities, currencies, interest rates, market indexes or even the weather. The value of the derivative is determined by fluctuations in these underlying assets.

Derivatives are generally used as an instrument to hedge risk. Additionally, it can also be used for the following purposes:

- To speculate - to reflect a view on the future direction of the market
- To enhance liquidity
- To change the nature of an investment without incurring the costs of selling one portfolio and buying another

This topic contains the following sub-topics:

- [Types of Derivative](#)
This topic describes the Derivative types and Derivative Instruments.
- [Features of Derivatives](#)
This topic describes the features of the derivatives to configure the general attributes of the derivative product

1.1 Types of Derivative

This topic describes the Derivative types and Derivative Instruments.

Based on the market in which they can be traded, derivatives are broadly classified as

- Over-the-counter (OT) derivatives – These are contracts that are traded (and privately negotiated) directly between two parties, without going through an exchange or other intermediary. Products such as swaps, forward rate agreements, and exotic options are almost always traded in this way.
- Exchange-traded derivatives (ETD) – These are derivatives products that are traded via specialized derivatives exchanges or other exchanges.

The most common types of derivative instruments are as follows:

- Futures and Forwards – Futures/Forwards are contracts to buy or sell an asset on or before a future date at a price specified today. A futures contract differs from a forward contract in that the futures contract is a standardized contract written by a clearing house that operates an exchange where the contract can be bought and sold, while a forward contract is a non-standardized contract written by the parties themselves
- A Forward rate agreement (FRA) is a specific type of a Forward. FRA is a contract between two parties in which one party agrees to lend and the other agrees to borrow a specific amount at a specified interest rate for a specified tenor. FRAs are settled through cash payments that represent the difference between the contracted rate and the spot value of the pre-determined market benchmark rate

- Options - An option is a contract between a buyer and a seller that gives the buyer the right but not the obligation to buy or to sell a specified amount of a particular asset (the underlying asset) at an agreed price on or before a particular day. In return for granting the option, the seller collects a payment called the 'premium' from the buyer. A 'call' option gives the buyer the right to buy an underlying asset; a 'put' option gives the buyer of the option the right to sell an underlying asset.
- Swaps - A swap is a transaction in which two counter parties agree to exchange one stream of cash flows against another stream over time. These streams are called the legs of the swap. Most swaps are traded over-the-counter. The most common type of swaps are:
 - Interest Rate Swaps – also known as Vanilla Swaps. It represents contracts between two parties to exchange calculated interest obligations related to a certain amount of principal without exchanging the principal amount itself. For instance, One series of fixed rate interest rate flows is exchanged for another series of floating rate interest flows
 - Cross Currency Swaps – A cross-currency swap is a contract between two counter parties for the exchange of loans in different currencies. Principal amounts are exchanged at the inception, with a re-exchange upon closure. Between the inception and the closing dates, a series of cash flows are made between the two parties reflecting the interest payments on the two swapped principal amounts.

1.2 Features of Derivatives

This topic describes the features of the derivatives to configure the general attributes of the derivative product

The Derivatives module in Oracle OBTR supports the processing of all types of Forward Rate Agreements, Interest Rate Swaps and Cross Currency Swaps.

The Oracle OBTR Derivatives module caters to the following requirements:

- Processing the following types of instruments:
 - Forward Rate Agreements (FRAs)
 - Interest Rate Swaps (IRS)
 - Cross Currency swaps (CCS)
- Creating products/instruments to suit the bank's requirements
- Segregating hedge and trade deals increasing the flexibility to define the required accounting treatment
- Integrating with standard Treasury front office systems to provide seamless processing

This topic has the following sub-topics:

- [Derivatives Workflow](#)
- [Maintain Mandatory Details](#)

1.2.1 Derivatives Workflow

The various operations and events in the life cycle of a derivatives contract are summarized below:

- Booking, amendment, termination and settlements
- Accounting treatment for life cycle events
- Initial and final exchange of principal (if applicable) and interest schedules
- Assumptions/purchase and assignments/sale of running contracts (trade deals)
- Brokerage Processing
- Revision of floating interest indices and interest accruals
- Revaluation of contracts
- Amortizations – Inception and Termination gains/losses
- Counterparty limit tracking under credit lines
- Exposure tracking under ISDA and other Master agreements
- SWIFT Messaging including multi-party messaging

1.2.2 Maintain Mandatory Details

For Derivatives module to become completely operational you need to set up certain mandatory information. Before doing the module specific maintenance you need to complete the core static maintenance of Customer, GL, Accounts, Currency etc.

The information that you need to maintain in the Derivatives module includes:

- Defining Derivative Types
- Bank and Branch Parameter details
- Revaluation details
- Specifying Limits
- Messaging party details
- Counterparty details
- Interest, Tax and Charges classes.

For more details on module specific and generic maintenance that you need to do, refer the chapters titled 'General Maintenance for the Derivatives Module' and 'Defining Attributes Specific to Derivative Products' in this User Manual

2

Derivative Modules - General Maintenance

To begin any operations in the derivatives module maintain certain basic information. This information is necessary for the successful functioning of the module. The information that you need to maintain includes:

- Defining Derivative Types
- Bank and Branch Parameter Details
- Revaluation details
- Specifying Limits
- Messaging party details
- Counter-party details
- Interest, Tax and Charge classes

Although you maintain this information at the outset before beginning any transactions in this module it is imperative that you periodically review and update this information to reflect the latest changes.



Note:

All fields with asterisk (*) symbol are mandatory.

This topic has the contains following sub-topics:

- [Prerequisites for the Application Login](#)
This topic provides the systematic instructions to login to the application to access all of the features.
- [Define a New Product and Static Data](#)
This topic provides the systematic instructions to define a new product and static data.
- [Maintain an Existing Product and Static Data](#)
This topic provides the systematic instructions to maintain an existing product and static data, or to revisit the data saved as draft.
- [Maintain Derivative Types](#)
This topic explains the systematic instructions to Maintain Derivative Types.
- [Maintain Branch Parameters](#)
This topic describes the systematic instructions to maintain branch parameters.
- [Maintain Counterparty Master Agreement Details](#)
This topic provides the systematic instructions to maintain counterparty master agreement details.
- [Maintain Message Parties Details](#)
This topic describes the systematic procedure to maintain message parties details.

2.1 Prerequisites for the Application Login

This topic provides the systematic instructions to login to the application to access all of the features.

To login to the application, perform the following:

1. Enter the **User ID**.
2. Enter the **Password**.

The Home page is displayed.

2.2 Define a New Product and Static Data

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

To define a new product and static data, on the respective Maintenance screen follow this procedure:

1. Click **New** at the top of the screen.
2. Enter the values in the required fields.
3. Click **Save** to create the product with the new details.

2.3 Maintain an Existing Product and Static Data

This topic provides the systematic instructions to maintain an existing product and static data, or to revisit the data saved as draft.

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

2.4 Maintain Derivative Types

This topic explains the systematic instructions to Maintain Derivative Types.

The difference between this module and the other modules in Oracle Banking Treasury is that before maintaining the products it is required to define Derivative Types. The derivative instruments are classified as an FRA, CCS or IRS in maintaining derivative types. Additionally, it is possible to capture relevant information about the instrument. For instance, indicating whether schedules are allowed or whether interest is to be paid in advance or arrears and so on. The advantage of defining derivative types is that at the time of creating a product you need to specify the code assigned to the derivative type. The basic details you have specified for the derivative type will be

automatically inherited by the product and consequently by any contract entered using that product.

1. On the Home page screen, type **DVDDTMNT** in the text box, and click the next arrow. The **Derivative Type Maintenance** Screen is displayed.

Figure 2-1 Derivative Type Maintenance

2. Select New from the Actions menu in the Application tool-bar or click the new icon, to maintain details of New Derivative Type. For more information o fields, refer to field description table.

For more information on the fields, refer to the below table.

When calling already defined derivative type maintenance record, choose the Summary option under Derivative Type. From the Summary screen, double click a record of your choice to open it.

The **Derivative Type Detailed Maintenance** screen is displayed.

Table 2-1 Derivative Type - Field Description

| Field | Description |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Derivative type | <p>The first attribute that you define for the derivative is its type. A type defines the basic characteristics of the instrument. It indicates whether the:</p> <ul style="list-style-type: none"> • Deal involves a single currency or two currencies. • Deal involves multiple interest schedules. • Interest will be liquidated in a single payment. <p>By suitably defining a derivative type, you will be able to define the following basic instrument types and their variants:</p> <ol style="list-style-type: none"> a. Forward Rate Agreements (FRA) b. Cross Currency Swaps (CCS) c. Interest Rate Swaps (IRS) |
| Type Description | <p>Assign a brief description of the derivative type that you are defining. This description will be associated with the type only for information purposes. Under each Derivative Type, you can create any number of products.</p> |
| Principal Details | <p>As part of specifying the principal details, you have to indicate whether two separate currencies can be maintained for both the inward and outward legs of all the contracts linked to the derivative type you are creating. If you choose to allow cross currencies for the in and out legs of contracts linked to the derivative type, then you have to also indicate whether the contract principal has to be exchanged upon initiation and maturity.</p> <p>Apart from this, you also have to indicate whether multiple schedules can be defined for the principal component. If you choose to define multiple schedules, then the frequency of these schedules can be indicated at the time of specifying the product preferences. You can select anyone as the frequency for the principal schedules:</p> <ul style="list-style-type: none"> • Daily • Weekly • Monthly • Quarterly • Half-yearly • Yearly <p>But if you choose not to define multiple schedules, then the principal liquidation for all the contracts linked to this type will be done on contract maturity.</p> <p>Also, in the leg and out leg principal schedules, that you define for a contract need not be in sync with each other. You can choose to have asynchronous schedules for both the in and out legs of the contract.</p> |
| Amortization Start Date | <p>In the case of termination of hedge deals, indicate the date from which the amortization of gains and or losses should start. While terminating swaps, amortization should start as of the termination date, and in the case of FRAs, amortization must start as of the settlement date.</p> |

Table 2-1 (Cont.) Derivative Type - Field Description

| Field | Description |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Holiday Treatment | <p>You can indicate how a particular scheduled date must be treated if it falls due on a holiday. The holiday movement of the principal, interest and revision schedules for each of the in and out legs can be based on:</p> <ul style="list-style-type: none"> • The holiday table maintained for a single financial center or single currency specified at the leg level, or • The combination of holiday tables of multiple financial centers/currencies. <p>Select the Combined option on this screen if you want the movement of schedules to be based on the combination of holiday tables maintained for multiple financial centers/ currencies at both the legs of the contract. This will be applicable if the holiday treatment (specified at the contract level) is based on the holiday calendars of the currencies or financial institutions involved in the contract. Your specification will be automatically inherited by the product associated with the derivative type and consequently by any contract entered using the respective product.</p> |
| Resettable cross currency | Select this box to identify the derivatives product is plain or a resettable swap. |
| Interest Details | Specify the following details. |
| Netting Required | <p>If two or more accounting entries for an interest schedule payment are to be passed in the same currency on the same Value Date, then in Oracle Banking Treasury you are allowed to net these entries. However, netting of entries is allowed only in the case of single currency derivative types. If you are maintaining details of a cross-currency type, you will not be allowed to net entries. If you are maintaining details of a cross-currency type, you will be allowed to net Principal and Interest of same currency during Manual Payment.</p> <p>Netting of In leg and Out leg interest schedules is allowed for synchronous schedules. But for asynchronous schedules of In leg and the out leg, the netting is applied only for the interest schedules which have the same value dates. Netting is applicable for all derivative type contracts.</p> |
| Inflation Preferences | Specify the following fields. |
| Inflation Swap | Check this box to indicate that the product type must be Inflation swap. |
| Indexation Type | <p>Select the indexation type from the adjoining drop-down list. The list displays the following values:</p> <ul style="list-style-type: none"> • Inflation Revenue • Zero Coupon • Year on year |
| In/Out Leg Interest Details | Specify the Fields. |

Table 2-1 (Cont.) Derivative Type - Field Description

| Field | Description |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Interest Schedules Allowed for the leg type | <p>While maintaining the derivative type, it is required to indicate whether contracts linked to the derivative type can have multiple schedules, or whether the schedules have to be bulleted.</p> <p>In Oracle Treasury Banking application, you can choose to have multiple schedules for one leg and bullet schedules for the other leg. For instance, you can indicate that the in leg schedules have to be bulleted and the out leg schedules have to be multiple. Consequently, for all contracts linked to this type, the in leg schedules will be bulleted while the out leg can have multiple schedules.</p> <p>Choose to define multiple schedules for both the inward and outward legs and indicate that the frequency of repayment should differ.</p> |
| Revision schedules allowed for the leg type | <p>Just as in the case of interest schedules so also revision schedules too can either be multiple or bulleted, depending upon your specification.</p> <p>A revision schedule is a period for which a floating interest rate is to be used. Normally, this would be the same as the interest schedule but in Oracle Banking Treasury you are allowed to maintain separate interest and revision schedules. Therefore, you have to specify whether the revision schedules defined for the particular (In or Out) leg of the contract need to be in sync with the interest schedules, or whether they can be asynchronous. For instance, you may like to permit contracts with semi-annual interest payments with quarterly revision in interest rate</p> |
| Payment Method | <p>Interest amount repayments for both the inward and outward interest legs can be made either at the start of the interest period or the end of the interest period. For instance, a typical FRA would require a discounted cash-flow to be paid at the commencement of the period while an interest rate swap would require cash-flows to be exchanged at the end of each interest period.</p> <p>Your choice of the payment method at the derivative type definition level, will have defaulted to all the contacts linked to the derivative type.</p> |
| Compounding Allowed | <p>Check this box to indicate that the compounding preference must be allowed for the relevant leg.</p> |

Table 2-1 (Cont.) Derivative Type - Field Description

| Field | Description |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Internal Remarks | <p>When creating the derivative type, you can capture additional information about the type intended for the internal reference of your bank. Your remarks will not be printed on any correspondence with the customer.</p> <p>However, you can choose to include these remarks in the reports that you generate.</p> <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>You will not be allowed to change the details of an existing derivative type except change the Description Type and the Internal Remarks.</p> </div> |

3. On the **Derivative Type** screen, click Fields

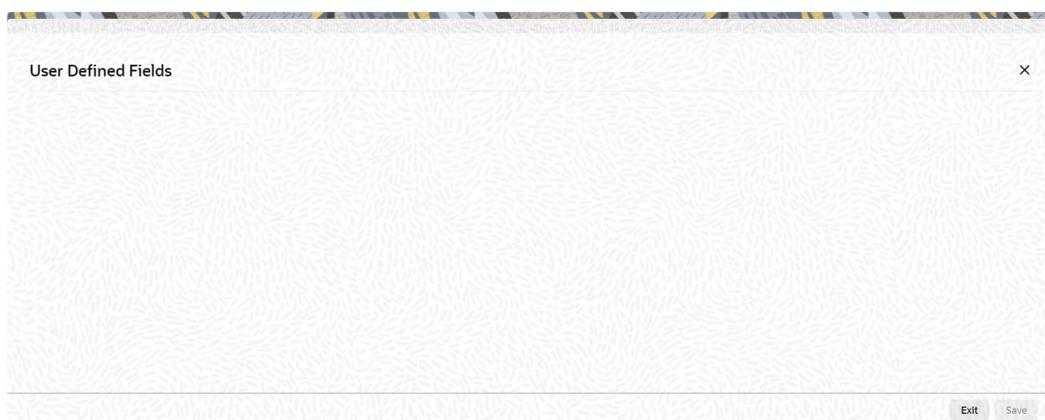
You can associate values to all the User Defined fields created and attached to the Derivative Type Maintenance screen.

You can specify the value for the UDFs listed here in the Value column.

For more details on how to create user Defined fields, refer chapter Creating custom fields in Oracle Banking Treasury in the User Defined Fields User Manual under Modularity.

The **User Defined Fields** screen is displayed.

Figure 2-2 User Defined Fields



2.5 Maintain Branch Parameters

This topic describes the systematic instructions to maintain branch parameters.

Maintain branch level parameters that govern the processing of derivatives in a particular branch of your bank through the Derivatives Branch Parameters Maintenance screen.

1. On the Home page, type **DVDBRNPM** in the text box, and click next arrow.
The **Derivatives Branch Parameter Maintenance** screen is displayed.

Figure 2-3 Derivatives Branch Parameter Maintenance

2. On the **Derivative Branch Parameters** screen, specify the fields.
For more information about fields, refer to the below table.

Those events, which have to be triggered automatically, will be processed accordingly during the batch process. However, you are required to indicate how automatic events falling due on a holiday should be processed.

Table 2-2 Derivatives Branch Parameters Maintenance- Field Description

| Field | Description |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Process till Next Working Day | <p>You have the option to specify whether the batch process should process automatic events falling due on a holiday either</p> <ul style="list-style-type: none"> • as part of the EOD process on the last working date before the holiday; or • as part of the BOD process on the next working day after the holiday. <p>For example, Assume today is 15th November 2000, 16th November 2000 and 17th November 2000 are holidays. If you check this field, during the Automatic Batch Update function run, only the events scheduled for 15th November 2000 will be processed. The events scheduled for the holidays, i.e., 16th November 2000, and 17th November 2000 will be processed during the Automatic Batch, Update function run during the beginning of day operations on 18th November 2000.</p> |

Table 2-2 (Cont.) Derivatives Branch Parameters Maintenance- Field Description

| Field | Description |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revaluation Reversal | <p>As a branch level parameter, you can indicate how the deal level reversal of Unrealized Revaluation with Previous Year Adjustment should be processed. The available options are:</p> <ul style="list-style-type: none"> • Along with Revaluation - reversals of entries for a particular revaluation will be performed at the time of the next revaluation. • Next-Day in BOD – select this option to indicate that any revaluation gain/loss should be reversed the very next day during the BOD process. If the BOD processing date happens to be the first day of the financial year, revaluation reversal will be done from the Previous Year Adjustment GL maintained in the Chart of Accounts. <p>For instance, You have entered a deal with the following parameters:</p> <ul style="list-style-type: none"> • Revaluation method is Fair Value • Revaluation Netting Required option is set to Yes; and • Revaluation Frequency is monthly • Frequency Start Day as 1. <p>Assume that the deal comes into existence on the 15th of July. The fair value of the In Leg is USD 500, and that of the Out Leg is USD 350 as on the 1st of August. This results in a revaluation gain of USD 150 (500 –350)</p> |
| External Revaluation Required | <p>Select the check box next to the External Revaluation Required, for the revaluation to be done externally.</p> <p>If this field is checked, ensure to set the external revaluation level to either branch level or product level in Derivative Branch Parameter Maintenance screen.</p> |
| External Revaluation Level | <p>Choose the external revaluation level as required.</p> <p>There are two options for external revaluations, one at the branch level and the other product level.</p> <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>If External revaluation is enabled, external revaluation level is mandatory.</p> </div> |
| Manual Principal Reset Required | <p>Select this check box for the Principal reset EOD processing on resettable Swaps.</p> |

This topic has the following sub-topic:

- [Revaluation Reversal Scenario I - Along with the next Revaluation](#)

2.5.1 Revaluation Reversal Scenario I - Along with the next Revaluation

The following tables show the revaluation reversal scenarios.

Table 2-3 DRVL (Contract Revaluation)

| Accounting Role | Amount Tag | Debit/Credit Indicator | Amount |
|-------------------------------------------|----------------|------------------------|--------|
| CONT_FAIR_VAL (Contract Fair Value GL) | CUR_NETRVL_INC | Debit | 150 |
| NET_RVL_INC (Revaluation Income) | CUR_NETRVL_INC | Credit | 150 |

There is a net revaluation loss of USD 75 on the 1st of September. The reversal entries are triggered in next DRVL event, the entries posted are as follows:

Table 2-4 DRVL

| Accounting Role | Amount Tag | Debit/Credit Indicator | Amount |
|-------------------------------------------|----------------|------------------------|--------|
| CONT_FAIR_VAL (Contract Fair Value GL) | CUR_NETRVL_EXP | Credit | 75 |
| NET_RVL_EXP (Revaluation Expense) | CUR_NETRVL_EXP | Debit | 75 |
| NET_RVL_INC | PRV_NETRVL_INC | Debit | 150 |
| CONT_FAIR_VAL (Contract Fair Value GL) | PRV_NETRVL_INC | Credit | 150 |

 **Note:**

However, on maturity there will be no revaluation, and reversal of previous day revaluation is applicable on maturity. So system will fire DRRL event to post reversal entries. User has to maintain DRRL event to post the accounting entries on maturity.

Revaluation Reversal Scenario II - Next Day in BOD

Accounting entries passed on 01 August EOD

Table 2-5 Event DRVL (Contract Revaluation)

| Accounting Role | Amount Tag | Debit/Credit Indicator | Amount |
|-------------------------------------------|----------------|------------------------|--------|
| CONT_FAIR_VAL (Contract Fair Value GL) | CUR_NETRVL_INC | Debit | 150 |
| NET_RVL_INC (Revaluation Income) | CUR_NETRVL_INC | Credit | 150 |

Accounting entries passed on the 2nd of August at BOD for the event DRRL are:

Table 2-6 DRRL

| Accounting Role | Amount Tag | Debit/Credit Indicator | Amount |
|-------------------------------------------|-----------------|------------------------|--------|
| NET_RVL_INC | PRV_NETRVL_ INC | Debit | 150 |
| CONT_FAIR_VAL (Contract Fair Value GL) | PRV_NETRVL_ INC | Credit | 150 |

Entries passed on the 1st of September for the event DRVL are:

Table 2-7 Accounting Entries

| Accounting Role | Amount Tag | Debit/Credit Indicator | Amount |
|-------------------------------------------|-------------------|------------------------|--------|
| NET_RVL_EXP (Revaluation Expense) | CUR_NETRVL_ - EXP | Debit | 75 |
| CONT_FAIR_VAL (Contract Fair Value GL) | CUR_NETRVL_ - EXP | Credit | 75 |

If the 2nd of August happens to be the first day of a new financial year, the entries passed on that day during BOD are:

Table 2-8 Event DRRL

| Accounting Role | Amount Tag | Debit/Credit Indicator | Amount |
|-------------------------------------------|-----------------------|------------------------|--------|
| Previous Year adjustment GL | PRV_NETRVL_ INC_PY | Debit | 75 |
| CONT_FAIR_VAL (Contract Fair Value GL) | PRV_NETRVL_ INC_PY | Credit | 75 |

This is because the revaluation profit and loss for the previous year (ending 1st August) would have been transferred to the Previous Year P&L Adjustment GL.



Note:

The revaluation reversal program will be called during the termination of the contract and final liquidation to reverse out any previous revaluation gain or loss. Refer the Accounting Entries of this manual.

2.6 Maintain Counterparty Master Agreement Details

This topic provides the systematic instructions to maintain counterparty master agreement details.

Through the Derivatives Counterparty Master Agreement Maintenance screen, you can enter the details of the master agreement(s) with each counterparty.

Query operation from an external system is supported for the master agreement maintenance.

If you are maintaining details of a new master agreement, click the new icon. The Counterparty Master Agreement Maintenance screen will be displayed without any details.

If you are calling a master agreement record that has already been defined, choose the Summary option under Counterparty. From the Summary screen, double click a record of your choice to open it.

1. On the Home page, type **DVDCPMNT** in the text box, and click next arrow.
The **Counter Party Master Agreement Maintenance** screen is displayed.

Figure 2-4 Counter Party Master Agreement Maintenance

2. On **Counter Party Master Agreement Maintenance**, specify the fields, and click Ok. For more information on fields, refer to the below table.

Table 2-9 Counter party Master Agreement Maintenance - Field Description

| Field | Description |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Counter Party and Master Agreement code | Each master agreement that you create can be associated with a counterparty. You have to indicate the code assigned to the counterparty for whom the master agreement is being maintained. After you specify the customer for which the master agreement is being maintained, enter a code to uniquely identify the master agreement. You can follow your conventions while devising this code. |

Table 2-9 (Cont.) Counter party Master Agreement Maintenance - Field Description

| Field | Description |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Master Agreement Type | <p>Indicate the type of master agreement under which the contract falls. The provided available options in the options list contains a list of standard master agreement types. They are as follows:</p> <ul style="list-style-type: none"> • AFB • BBAIRS • ISDA • FRABBA • DEVR • FBF • OTHERS |
| Product Group | <p>A product is a specific service that you offer your customers. In Oracle Banking Treasury, you are required to group products according to the common attributes that they share. This kind of grouping of products helps you organize information about the services that you provide. Besides, it also simplifies information retrieval.</p> <p>The maintenance of product groups is done through the Product Group Definition screen. You can indicate the product group whose contracts can be linked to the master agreement.</p> |
| Version | Indicates the version number of the master agreement for which you are maintaining details. |
| Utilization Currency | If you have indicated that Limit Tracking is required, then you need to specify the utilization currency. The currency that you specify here will be taken as the credit limit utilization currency for the master agreement. |
| Agreement Date | Specify the date as of which the master agreement was signed. |
| Credit Netting required | <p>One of the main advantages of maintaining a master agreement is the credit netting provision. While defining the master agreement, you can indicate whether the positive and negative contract fair values should be netted for the counterparty.</p> <p>This concept can be explained with the help of an example: For example, Chaseman is a customer of your bank, and currently, you are managing ten contracts for your customer. You have linked the contracts, according to their attributes to different master agreements in the following manner:</p> |

Table 2-10 Crediting Netting required

| MA Code and Description | Contract Reference No. | MTM Value |
|----------------------------------|------------------------|-----------|
| MA 1 (Master Agreement for CCS) | 000DV21992950261 | USD 100 |
| | 000DV21992950262 | USD 20 |
| | 000DV21992950264 | USD 100 |
| MA 2 (Master Agreement for FRAs) | 000DVFR992950002 | GBP 100 |
| | 000DV21992950277 | GBP 50 |

Table 2-10 (Cont.) Crediting Netting required

| MA Code and Description | Contract Reference No. | MTM Value |
|---------------------------------|------------------------|-----------|
| | 000DV01992951117 | GBP -50 |
| MA 3 (Master Agreement for IRS) | 000DV21992950278 | FRF -20 |
| | 000DV21992950279 | FRF 100 |
| | 000DV21992950182 | FRF 50 |
| | 000DV21992950188 | USD -50 |

The Utilization Currency that you have indicated for the three Master Agreements is as follows:

MA 1 - USD

MA 2 - GBP

MA 3 - FRF

Scenario 1

You have indicated that for all contracts falling under MA 1 credit netting is required both at the MA level and the contract level. Since you have indicated that credit netting is required the system does the necessary computations and the credit exposure, in this case, will be USD 180.

Scenario 2

For all contracts falling under MA 2, you have indicated that credit netting is not required. The credit exposure, in this case, will be 100 GBP.

Scenario 3

While processing the contract, you have indicated that the contract bearing the reference number 000DV21992950188 should be excluded from netting.

Now the credit exposure, in this case, will be FRF 130.

 **Note:**

In the above example, you will notice that the contract currency and the utilization currency are the same. Therefore the system did not have to do any currency conversions. However, most often than not, the base currency of the contract will be different from the utilization currency. In such cases, the system converts the MTM value of the contract using the rates maintained in the 'Exchange Rates Maintenance' screen and thus arrives at the credit exposure amount.

Table 2-11 Field Description

| Field | Description |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Master Agreement Year | Every master agreement that you define will invariably refer to the Book of Definitions (ISDA Definition). You have to indicate the year of definition, which applies to the master agreement in this field. |

Table 2-11 (Cont.) Field Description

| Field | Description |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Collateral Agreement | <p>Indicate whether collateral agreements are applicable for the master agreement.</p> <div style="border: 1px solid #0070C0; background-color: #E6F2FF; padding: 10px; margin-top: 10px;"> <p> Note:</p> <p>The system checks this box by default. If you do not want the collateral agreements to become a part of the master agreement, leave this box unchecked.</p> </div> |
| Limits Tracking Details | <p>You have to indicate whether exposure against the master agreement needs to be tracked for the counterparty limits. If you want to track counterparty limits for exposure against the master the agreement then you need to specify the default credit line against which the credit limit utilization of contracts under the master agreement will be tracked. You can specify whether Notional Limits tracking is required for the Customer and also specify the line code against which the notional limit should be tracked. If you have indicated that Fair Value Limit tracking is required for the master agreement then you are required to specify the default fair value credit line against which the credit limit. The utilization of contracts under the master agreement will be tracked. Additionally, you can specify whether Risk-Weighted Limits Tracking is required and also select the line code against which the Risk-Weighted Limit should be tracked. The options Notional Limits Tracking, Fair Value Limits Tracking and Risk Weighted Limits Tracking will be enabled only if the Limits tracking option is selected. Subsequently, you also have to indicate the utilization currency. This currency will be taken as the credit limit utilization currency for the master agreement.</p> |
| Agreement Details and Internal remarks | <p>After specifying the main details about the master agreement you can summarize the entire agreement and store details about it. This information is basically for the internal reference of your bank and will not be reflected on any customer correspondence. Additionally you can also capture your own internal remarks about the master agreement that you have created. These remarks too will not be reflected in your correspondence with the customer.</p> |
| Sub Agreements | <p>With every master agreement that you create, you can link one or more sub-agreements. After creating a sub-agreement, you can either choose to link it to the master agreement or choose to link it at a future point in time.</p> |
| Code | <p>Specify a code to identify the sub-agreement that you are creating. The code that you specify will have to be a unique code at the counterparty level.</p> |
| Description | <p>Enter a brief description that will enable you to identify the sub-agreement code being maintained quickly. The description that you specify here is for information purposes only and will not be printed on any customer correspondence.</p> |
| Date | <p>Specify the date as of which the sub agreement was signed.</p> |

Table 2-11 (Cont.) Field Description

| Field | Description |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Agreement Details | Summarize and capture all the details about the sub-agreement. The details that you enter here is not printed on any customer correspondence. |
| Notional Line Code | Select the notional line code from the valid options available in the list. |
| Liability No | Displays the liability number linked to the notional line. |
| Fair Value Line Code | Select the fair value line code from the valid options available in the list. |
| Liability No | Displays the liability number linked to the fair value line. |
| Risk Weighted Line Code | Select the risk weighted line code from the valid option available in the list. |
| Liability No | Displays the liability number linked to the risk weighted line. |
| Linkage | Check this box to indicate that the sub-agreement for which you are maintaining details should be associated with the master agreement. |

2.7 Maintain Message Parties Details

This topic describes the systematic procedure to maintain message parties details.

At every stage in the life cycle of a transaction, you will need to send various messages to your customer. You need to send these messages to the recipient of the message whom your customer has identified as the receiver of the message. The Messaging Parties Maintenance screen will enable you to capture details of the recipients of derivative messages that have to be sent to the various counter parties.

1. On the Home page, type **DVDMGMNT** in the text box, and click next arrow.

The **Messaging Parties Maintenance** is displayed.

Figure 2-5 Messaging Parties Maintenance

2. Select New from the Actions menu in the Application toolbar or click the new icon to maintain details of a new receiver on behalf of the counterparty,
3. On the **Messaging Parties Maintenance** screen, specify the fields. For more information of fields, refer to field description table.

Table 2-12 Messaging parties Maintenance- Field Description

| Field | Description |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Receiver Id | This is the code assigned to the receiver of the message. Specify a unique code to identify the receiver of the message. |
| Medium | Choose the medium through which you wish to send the message. This can be any of the following: <ul style="list-style-type: none"> • Mail • Telex • Fax • SWIFT |
| Receiver Name | Indicates the name of the receiver of the message. Specify the name of the party who will receive the message on behalf of the customer. |
| Address | <p>While maintaining the messaging party details, it is required to indicate the mailing address of the receiver of the message. All the messages addressed to the counterparty is directed to the receiver address that you specify.</p> <p>During contract input, when you indicate the ID of the receiver, the default address specified for the receiver is displayed.</p> <div style="border: 1px solid #0070C0; padding: 10px; margin-top: 10px;"> <p> Note:</p> <p>If you specify that the message should be sent through SWIFT, then you have to indicate the SWIFT address of the receiver in the first line of the address box before you specify the mailing address.</p> </div> |
| Language | <p>The message can be sent to the receiver in the language of the receiver. This adjoining option list displays a list of language codes. You can choose the appropriate one available in this field.</p> <div style="border: 1px solid #0070C0; padding: 10px; margin-top: 10px;"> <p> Note:</p> <p>Remember that to send a message to a receiver in a particular language, you must have also maintained a message format for the language in the Advice Format Maintenance screen.</p> </div> |
| Message Party Details | Specify the following details. |
| Message Type | Your customer can identify more than one receiver as the recipient of messages that you need to send the customer as and when required. Additionally, your customer can also instruct you to send specific messages to different receivers. |

Table 2-12 (Cont.) Messaging parties Maintenance- Field Description

| Field | Description |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customer Identification File | <p>After you select the list of messages that have to be sent to your customer, you have to specify the ID assigned to the particular customer for whom you are maintaining recipient details. The adjoining option list displays a list of all the CIF ID's, that you have maintained through the Customer Information Maintenance file. Thus every time you send a message to the particular customer, it will reach the recipient whom the customer has identified as the official receiver of the message.</p> <p>Example</p> <p>Chasebank is the customer of your bank. Chasebank has identified Peter and Yvonne as the recipients of any mail messages that need to be communicated to them. You have also been instructed by Chasebank, that all cancellation messages should be sent to Peter, and all other messages can be sent to Yvonne. While maintaining Messaging Party Maintenance details, you have to enter Peter in the Receiver ID field and Mail as the medium of sending the message. Select DV_CANC_CCS in the Party Type field. Secondly, since Chasebank has instructed you to send all cancellation messages to Peter, that you have to select from the list and associate all possible cancellation messages that may have to be sent to Chasebank with Peter's ID.</p> |
| Default | <p>While maintaining receiver details, you can identify a particular receiver as the default receiver of messages that need to be sent to the customer. All those messages that have been marked for the particular will be sent to the default receiver.</p> |

3

Define Attributes Specific to Derivative Products

This topic describes how you to define attributes specific to a Derivative product.

This topic has the following sub-topics:

- [Derivative Product Definition](#)
This topic describes how to create a derivative product and preferences.
- [ISDA](#)
This topic provides the systematic instructions to configure the ISDA Confirmation Preferences.
- [Derivatives Revaluation Contract Fair Values](#)
This topic describes how to define the fair price revaluation methods, maintain fair values for revaluing a contract, interest revision and operation on the contract fair price maintenance record.
- [Derivatives Revaluation Branch Interest Rates](#)
This topic describes the derivatives revaluation branch interest rates, and how to maintain branch-wise forward interest rates.
- [Derivatives Revaluation Contract Interest Rates](#)
This topic describes how to maintain contract specific forward rates for revaluation and operation of contract specific forward interest rate maintenance record.

3.1 Derivative Product Definition

This topic describes how to create a derivative product and preferences.

This topic contains the following sub- topics:

- [Create Derivative Product](#)
- [Preference](#)
This topic describes the systematic instruction to define specific preferences screen.

3.1.1 Create Derivative Product

In Derivatives Product Definition screen, specify basic information about the derivative product such as Product code, the description, etc.

1. On the Home page, type **DVDPRMNT** in the text box, and click next arrow.
The **Derivative Product Definition** screen is displayed.

Figure 3-1 Derivative Product Definition

2. On the **Derivative Product Definition** screen, specify the fields and click **Ok**.

For more information about the fields, please refer to the below table.

For any product created in Oracle Banking Treasury, click the appropriate icon in the horizontal array of icons in the screen to define generic attributes such as:

- Interest Details
- Tax Details

For a derivative product, in addition to these generic attributes, define specific other attributes. These attributes are discussed in detail in this chapter.

Define the attributes specific to a derivative product in the Derivatives Product Maintenance screen and the Product Preferences screen. In these screens, specify the product type and set the product preferences respectively. For further information on the generic attributes refer to the following Oracle Banking Treasury User Manuals under Modularity:

- Product Definition
- Interest
- Charges and Fees
- Tax
- User Defined Fields
- Settlements

Table 3-1 Derivative Product Definition- Field Description

| Field | Description |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Product Code | Identify the derivative product created with a unique Product Code. This code must be unique across all the modules of Oracle Banking Treasury. The field is mandatory. |
| Product Description | Describes the product created in this field. The description entered here helps to identify the product all through the module. |

Table 3-1 (Cont.) Derivative Product Definition- Field Description

| Field | Description |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Product Type | Specify the Product Type. The product type identifies the basic nature of a product. The derivative types maintained through the Derivative Type Maintenance screen reflects in the options list available for this field. A derivatives product created belongs to any one of the following types: <ul style="list-style-type: none"> • Forward Rate Agreements • Interest Rate Swaps • Cross Currency Swaps |
| Product Slogan | Specify a slogan for the product created that suitably announces the product to your customers. |
| Product Group | The product type identifies the basic nature of a product. The derivative types maintained through the 'Derivative Type Maintenance' screen reflects in the options list. Invoke the list of the product groups maintained in the bank and choose the product group to which the product that you are creating belongs. |
| Start Date | Specify an offered date. Specify the date in the Start Date Field. |
| End Date | Specify the date until the product is open in the field.  Note: Do not enter a date that is earlier than the current system date. It is not possible to offer a product beyond the specified end date. If an end date is not specified for a product, it can be offered from an indefinite period. |
| Remarks | Specify the remarks related to the product. Its for reference. |
| Exchange Rate Variance (in%) | Defines the exchange rate variance that allows for a derivatives product. This variance is expressed in percentage. For a special customer, or in special cases, use an exchange rate (a special rate) that is greater than the exchange rate maintained for a currency pair. The variance is referred to as the Exchange Rate Variance. When creating a product, express an Exchange Rate Variance Limit in terms of a percentage. This variance limit would apply to all contracts associated with the derivatives product. |
| Override Limit | If the variance between the default rate and the rate input varies by a percentage that is between the Override Limit and the Rate Stop Limit, save the transaction (involving the product) by providing an override. |
| Stop Limit | If the variance between the default rate and the rate input varies by a percentage greater than or equal to the Stop Limit, its not possible to save the transaction involving the product. |

Table 3-1 (Cont.) Derivative Product Definition- Field Description

| Field | Description |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rate Code | Select the appropriate rate from the option list to specify whether to use Mid Rate for all Cross Currency transactions or the Buy/Sell Rate is used, depending on the nature of the transaction. It is required to maintain Buy, Sell, and Mid Rates for every Currency Pair and Rate Type combination. |
| Rate Type Preferred | Specify the Rate Type that should be used for Cross Currency transactions. The adjoining option list displays all the Rate Types maintained through the 'Rate Type Definition' screen. You can choose the appropriate one. |

3.1.2 Preference

This topic describes the systematic instruction to define specific preferences screen.

1. On **Derivative Product Definition**, click **Preferences** to process the Derivatives Product Preferences and to define specific preferences for the product.

The Product Code and Product Type are defaults from the Product Maintenance screen.

Preferences options are available for defining the attributes of a product. The preferences that define for a product are inherited by all derivative contracts that are associated with the product.

The **Derivative Product Preferences** screen is displayed

Figure 3-2 Derivative Product Preferences

2. On **Derivative Product Preferences**, specify the fields and click **Ok**.
For more information on fields, refer to the below table.

Table 3-2 Main Tab - Field Description

| Field | Description |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contract Type | <p>Indicate whether the product for which you are defining preferences is meant for Trade contracts or Hedge contracts.</p> <div style="border: 1px solid #0070C0; padding: 10px; margin-top: 10px;"> <p> Note:</p> <p>Its possible to Amend this preference while entering the details of the contract.</p> </div> |

Table 3-2 (Cont.) Main Tab - Field Description

| Field | Description |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Deal Type | <p>The first preference defines the derivative product is the Deal Type. Indicate the default nature of deals processed under this product. The choices available for these fields are:</p> <ul style="list-style-type: none"> • Buy • Sell <div style="border: 1px solid #0070c0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>The deal type that you specify will default to contracts under this product. However, you are allowed to change this while entering the details of the contract.</p> </div> |
| Assuming | <p>Check this box to indicate that the assumed contract is from the counterparty. Uncheck this box if the product is used for a fresh contract.</p> |
| Brokerage Allowed | <p>Specify whether brokerage must be applied to deals involving this product by checking the box. If the brokerage is specified for the product, you can waive it for specific deals. But if you have specified that brokerage is not applicable to the product, it will not be able to levy brokerage on a specific deal involving the product.</p> |
| Rekey Fields | <p>When a derivative contract is processed for authorization- as a crosschecking mechanism, specify that the values of certain fields should be entered before the contract is authorized called the Rekey option. While defining the product, indicate the fields whose values need to specify before an authorized contract. Thus, it becomes mandatory for you to specify the values of rekey fields for all contracts linked to the product.</p> <div style="border: 1px solid #0070c0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>It is possible to amend this preference while entering the details of the contract</p> </div> <p>Specify the following as rekey fields:</p> <ul style="list-style-type: none"> • In Currency • Out Currency • Maturity Date • In Principal Amount • Out Principal Amount • Value Date <p>If no rekey fields are defined, the details of the contract are displayed immediately, when the authorizer calls the product for authorization.</p> |
| External Pricing | <p>Specify the fields.</p> |

Table 3-2 (Cont.) Main Tab - Field Description

| Field | Description |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| External Charge | <p>Check this box to indicate that external charges are fetched from external pricing and billing engine for contracts created under this product.</p> <p>External Charge is enabled only when the system integrates with external pricing and billing engine (PRICING_INTEGRATION = Y at CSTB_PARAM level).</p> |
| Revaluation Details | <p>You may want to revalue your deal portfolio periodically to account for the gains and losses due to changes in the market interest rates or exchange rates.</p> <p>Oracle Banking Treasury provides a feature to revalue the worth of derivative contracts linked to the product based on the Fair Price the Contract Rate or the Bank Rate.</p> |
| Revaluation Required | <p>Revalue the worth of contracts associated with the product at regular intervals.</p> <p>Check this box to indicate whether revaluation is required for the defined product.</p> <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>At the time of processing a contract if decided that revaluation is not required, then choose to waive this option (even if at the product level you have specified that revaluation is necessary for contracts involving the product).</p> </div> <p>However at the product level, you have specified that revaluation is not required, then while processing the contract you will not be allowed to choose the revaluation option.</p> |
| External Revaluation Required | <p>Select the check box next to the External Revaluation Required, for the revaluation to be done externally.</p> <p>If this field is checked, ensure to set the external revaluation level to either branch level or product level in Derivative Branch Parameter Maintenance.</p> <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>You can choose either the option Revaluation Required or External Revaluation Required at a time. Both these options cannot be chosen at the same time.</p> </div> |
| Revaluation Netting Required | <p>If indicated that revaluation is required for the product, then indicate whether accounting passed entries is at the leg level or the contract level.</p> <p>Check this box to indicate that revaluation entries should be passed at the contract leg level.</p> |

Table 3-2 (Cont.) Main Tab - Field Description

| Field | Description |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revaluation Level and Method | <p>In Oracle Banking Treasury, revaluation entries can be passed either at the product level or at the contract level.</p> <p>After indicating the level for revaluation, indicate the method to be used for revaluation. The options available are:</p> <ul style="list-style-type: none"> • Fair Price • Contract Rate • Branch specific Interest Rate <p>The revaluation level and specified method determines how the product is revalued.</p> <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>Each of the above methods explained in detail in the chapter titled Defining Fair Price revaluation methods.</p> </div> |
| Revaluation Frequency | <p>The frequency with which a product must be revalued has to be specified as a product preference. Once you have indicated the level and the method for revaluation, you can specify the frequency with which a product must be revalued.</p> <p>The frequency are one of the following:</p> <ul style="list-style-type: none"> • Daily • Weekly • Monthly • Quarterly • Half Yearly • Yearly <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>If the revaluation date falls on a holiday, the revaluation is done as per your holiday handling specifications in the Branch Parameters screen.</p> </div> |
| Revaluation Start Weekday | <p>In the case of weekly revaluation, specify the day of the week on which revaluation must be carried out. For example, if the revaluation must be carried out every Friday is specified, then the contract or product (depending on the level specified) is revalued every Friday of the week.</p> <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>The specified Revaluation Frequency at the product level cannot be changed while processing the contract.</p> </div> |

Table 3-2 (Cont.) Main Tab - Field Description

| Field | Description |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revaluation Start Day | <p>In the case of monthly, quarterly, half-yearly or yearly revaluation, specify the date on which the revaluation must be done during the month. For example, if you specify the date as 30, revaluation will be carried out on that day of the month, depending on the frequency.</p> <p>To fix the revaluation date for the last working day of the month, specify the date as 31 and indicate the frequency. If you indicate the frequency as monthly, the revaluation is done at the end of every month - that is, on 31st for months with 31 days, on 30th for months with 30 days and 28th or 29th, as the case may be, for February.</p> <p>If you specify the frequency as quarterly and fix the revaluation date as 31, the revaluation is done on the last day of the month at the end of every quarter. It works similarly for half-yearly and yearly revaluation frequency.</p> |
| Revaluation Start Month | <p>If you set the revaluation frequency as quarterly, half-yearly or yearly, you have to specify the month in which the first revaluation has to begin, besides the date on which the revaluation should be done.</p> <p>For instance, You have selected the half-yearly option and specified the start date as 31 and the start month as of June, the system will do the first revaluation on the 30th of June for the period from 1st January to June 30th, and the second one on 31st December for the period from 1st July to 31st December.</p> |
| Currency Holiday | Select this check box, to execute the currency holiday calendar validation of the dates and movement of schedules. |
| Financial Center Holiday | Select this check box, to execute the financial center holiday calendar validation of the dates and movement of schedules. |
| Local Holiday | Select this check box, to execute the local holiday validation of the date and movement of schedules. |
| Inflation Preferences | Specify the following fields. |
| Inflation Swap | Check this box to indicate that the product type must be Inflation swap. |
| Indexation Type | <p>Select the indexation type from the adjoining drop-down list. The list displays the following values:</p> <ul style="list-style-type: none"> • Inflation Revenue • Zero Coupon • Year on year |

3. On the **Derivatives Product Preferences** screen, click the **Interest** Tab
The **Interest** screen is displayed.

Figure 3-3 Derivatives Product Preferences- Interest

The screenshot shows the 'Derivatives Product Preferences' window with the 'Interest' tab active. The window is organized into several sections:

- Main:** Product Code, Product Type
- Interest Main Details:** Interest Accrual Level (checkbox), In Leg Denominator Basis (Per Annum), Allow External Rate Revision (checkbox)
- Schedules:** Interest Accrual Level (radio buttons for Contract, Product), Out Leg Denominator Basis (Per Annum)
- Amortization Details:** (Empty section)
- In Leg Interest Accrual Details:** Accrual Frequency, Accrual Start Weekday, Accrual Start Day, Accrual Start Month, Numerator Method, Denominator Method, Denominator Basis, Include To Date (checkbox)
- Out Leg Interest Accrual Details:** Accrual Frequency, Accrual Start Weekday, Accrual Start Day, Accrual Start Month, Numerator Method, Denominator Method, Denominator Basis, Include To Date (checkbox)
- In Leg Interest Liquidation Details:** Numerator Method (Actual), Denominator Method (Actual), Denominator Basis (Per Annum), Include To Date (checkbox)
- Out Leg Interest Liquidation Details:** Numerator Method (Actual), Denominator Method (Actual), Denominator Basis (Per Annum), Include To Date (checkbox)

Buttons for 'Exit' and 'Save' are located at the bottom right of the window.

4. On the **Derivatives Product Preferences Interest** screen, specify the fields, and click **Ok**.

For more information on fields, please refer to the below table..

As part of setting up the product preferences, you have to specify the relevant interest accrual details. The accrual details that you specify will be made applicable to all hedge contracts associated with the product.

Indicate whether interest must be accrued at the product or contract level for hedge deals. The interest accrual specifications must be done for both the inward and outward legs of the contract.

Table 3-3 Interest Field tab- Field Description

| Field | Description |
|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Interest Accrual Level | <p>Check the box to indicate whether interest accrual is required for the contract. Leave the box unchecked to indicate that accrual is not applicable.</p> <div style="border: 1px solid #0070c0; padding: 5px; margin: 10px 0;">  Note: Specify the accrual related details individually for the In and Out legs to indicate that interest accrual is required for the contract. </div> <p>Here you can indicate the level at which accrual entries should be passed for the in leg of the contract. The options available are:</p> <ul style="list-style-type: none"> • Product • Contract <p>At the product level, accruals will be passed for the product and currency combination. Those contracts for which accrual is required will be identified by the system and accrual entries will be passed based on the accounting entry set-up defined.</p> |
| Interest Accrual Level | <p>Indicates the level at which accrual entries must be passed for the in the leg of the contract. The available options are:</p> <ul style="list-style-type: none"> • Product • Contract <p>At the product level, accruals will be passed for the product and currency combination. Those contracts for which accrual is required will be identified by the system, and accrual entries are passed based on the accounting entry set-up defined.</p> <p>At the contract level, accruals are passed for individual contracts linked to the particular product.</p> |
| In Leg Denominator Basis | <p>Specify the interest accrual rate for the inward leg of the contract as one of the following:</p> <ul style="list-style-type: none"> • Per annum • Per schedule period |
| Out Leg Denominator Basis | <p>Specify the interest accrual rate for the outward leg of the contract as one of the following:</p> <ul style="list-style-type: none"> • Per annum • Per schedule period |
| Allow External Rate Revision | <p>Click the Allow External Rate Revision check-box to indicate that for the contracts linked to this product, you can allow rate revision based on the rates uploaded from an external system.</p> |
| In Leg/Out Leg Interest Accrual Details | <p>The details maintained here are specific to the interest calculation methods to be applied during accruals. Any of the following combinations are allowed for calculating interest:</p> |
| Actual / Actual | <p>Click on Actual in Numerator Method field. Click on Actual in Denominator Method field.</p> <p>The Actual number of days in the period, and the Actual number of days in that year.</p> |

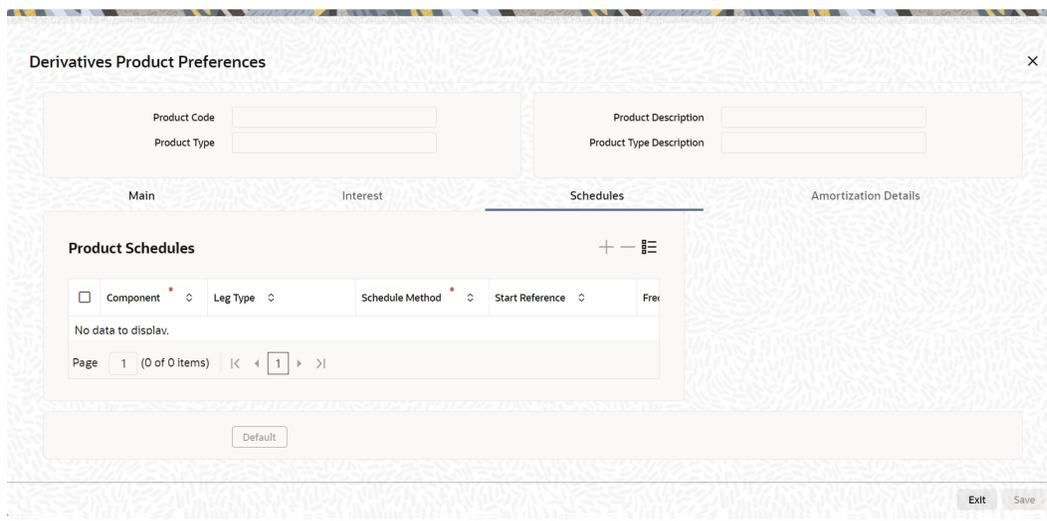
Table 3-3 (Cont.) Interest Field tab- Field Description

| Field | Description |
|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actual / 365 | Click on Actual in Numerator Method field click on 365 days in the Denominator Method field. The number of actual calendar days for which calculation is done or 365 days in a year. |
| Actual – Japanese /Actual | This is similar to the Actual/365 method except that leap days are always ignored in the denominator day count calculation. Click on Actual in the Denominator Method field, click on Actual Japanese in the Numerator Method field. |
| 365 – ISDA / Actual | Sum of (A) and (B) are: A = (Interest accrual days falling within the leap year) / 366 B = (Interest accrual Days not falling within the leap year) /365 The denominator is the actual number of days in a year. Click on 365 ISDA in Numerator Method field; click on Actual in Denominator Method field. |
| Actual / 360 | Click on Actual in Numerator Method field; click on 360 in Denominator Method field. The actual number of calendar days for which calculation is done / 360 days. |
| The General Formula used for the day count method is described here | Day count fraction = Number of Interest Accrual Days/ (Numerator) Days/ in the specified period (Per Annum/Per Period) (Denominator)  Note: Setting the Interest Frequency is done in the same manner as setting the Revaluation Frequency. |
| Numerator Method | Select the Interest method that should be applied during accrual for in/out leg from the adjoining drop down list. The list displays the following values: <ul style="list-style-type: none"> • 1 • ACT-ISMA • 30-Euro • 30-US • Actual • 30-ISDA • 30-PSA • Actual-Japanese |
| Denominator Method | Select the Interest method that should be applied during accrual for in/out leg from the adjoining drop down list. The list displays the following values: <ul style="list-style-type: none"> • 360 • 365 • Actual • 1 • ACT-ICMA |
| Include To Date | Check this box, to take into account on the last day in an accrual period when arriving at the accrual days. |

Table 3-3 (Cont.) Interest Field tab- Field Description

| Field | Description |
|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| In Leg/Out Leg Interest Liquidation Details | Specify the fields: |
| Numerator Method | Select the Interest method that should be applied for liquidation for in/out leg from the adjoining drop down list. The list displays the following values: <ul style="list-style-type: none"> • 1 • ACT-ISMA • 30-Euro • 30-US • Actual • 30-ISDA • 30-PSA • Actual-Japanese |
| Denominator Method | Select the Interest method that should be applied for liquidation for in/out leg from the adjoining drop down list. The list displays the following values: <ul style="list-style-type: none"> • 360 • 365 • Actual • 1 • ACT-ICMA |

- Once you authorize the deal at the contract level, no changes will be allowed at the deal level for contract.
- On the **Derivatives Product Preferences** screen, click the **Schedules** Tab
The **Schedules** screen is displayed.



- On the **Schedules** screen, specify the fields, and click **Ok**.

For more information on fields, please refer to the below table.

The schedule preferences for each of these components have to be defined separately for both the In and Out legs. Click the Schedules tab in the Product Preferences screen.

Specify the interest accrual preferences you have to indicate the repayment schedules for the following components:

- Principal (Repayment of principal schedules)
- Interest (Repayment of interest schedules)
- Revision of interest rates for a contract with periodic interest rates

Table 3-4 Product Schedule Details - Field Description

| Field | Description |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Component | Specify the component for which you are defining the schedule. |
| Leg Type | Indicates whether the component displayed is an In leg component or an Out leg component. |
| Schedule Method | Indicates the schedule type to which the component belongs. The component belongs to any one of the following types: <ul style="list-style-type: none"> • Principal (Repayment of principal schedules) • Interest (Repayment of interest schedules) • Revision of interest rates for a contract with periodic interest rates • Principal Reset: Identifies the schedule method as principal reset |
| Start Reference | The reference date is the date based on which the repayment schedules for the various components (Principal, Interest, Revision) is calculated. Specify the scheduled start period must either be based on the Value Date of the contract or that it must be based on a Calendar Date. If you specify that the reference should be the Value Date the dates for scheduled repayment dates will be determined by the date of initiation of the contract and the frequency that you specify. If the Reference is specified as Calendar Date, the dates for scheduled repayments are based on the Start Day, Month, and Frequency combination. |

Table 3-4 (Cont.) Product Schedule Details - Field Description

| Field | Description |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Frequency</p> | <p>The frequency of schedules that you specify along with the Start Reference and the Frequency Unit will determine the actual repayment schedules for the particular component.</p> <p>By default, the frequency will be Bullet, which means that all the repayments are made on the maturity date of the contract.</p> <p>Change the frequency to any one of the following options:</p> <ul style="list-style-type: none"> • Daily • Weekly • Monthly • Quarterly • Half-yearly • Yearly <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>If the Reference is set as the Value Date, the repayment dates will be calculated using the Value Date, the frequency, and the Unit of Frequency. If the Reference is set as Calendar Date, the repayment dates will be calculated based on the Frequency, Unit of Frequency, Start Month, and the specified Start Day.</p> </div> |
| <p>Frequency Unit</p> | <p>Specify the frequency to indicate the unit of frequency to set the Frequency, the Component, (the Principal, Interest or Revision component) and Start Reference combination.</p> <p>For example, Scenario 1</p> <ul style="list-style-type: none"> • You have indicated that the schedule liquidation should be based on the Calendar Date in the Start Reference field. Subsequently, you indicate that liquidations should happen on every 25th of the month. • The Effective Date or the Value Date of the contract is 12th March 2000. Regardless of the effective date, the first liquidation will be carried out on the 25th of March. • Since you want this process to continue i.e., liquidations should be carried out on the 25th of every month till the contract matures. Therefore you need to specify the frequency as Monthly and enter 1 in Unit field. • Schedules will be repaid once in every month on the 25th till the contract matures. <p>Scenario 2</p> <ul style="list-style-type: none"> • You have indicated that liquidation of schedules should be based on the Value Date and specify that the frequency for liquidation as Monthly. Next, you specify that the frequency unit should be 2. • The schedules will be liquidated once in every two months since the frequency unit is 2. |

Table 3-4 (Cont.) Product Schedule Details - Field Description

| Field | Description |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Schedule Start Weekday | <p>When the repayment schedule frequency is set Weekly, indicate the day of the week on which liquidation must be carried out.</p> <p>For instance, if you indicate the weekday preference as Wednesday, then liquidation will be carried out every week on every Wednesday.</p> |
| Schedule Start Day | <p>When the Start Reference is set as Calendar Date, indicate the date on which the schedule is due to start. For instance, if the frequency specified is daily, set the date on which the first daily schedule should fall due.</p> <p>When the frequency monthly indicates the day of the month, in which the liquidation should fall due, the scheduled repayment dates are computed using the Frequency, the Unit, (Start) Month and the specified (Start) Day.</p> |
| Schedule Start Month | <p>If you have set the Reference as Calendar Date, and the frequency as quarterly, half-yearly or annual, you can indicate the month in which the first schedule falls due. Based on your specifications, the subsequent schedule dates will be calculated.</p> |
| Adhere to Month End | <p>If the schedule frequency is in terms of a month, you choose to indicate that the schedule days must adhere to Month- Ends. The implication of this option is explained in the following example.</p> <p>For example, during defining preferences for a derivative product. You would like to maintain several derivatives under this product. We study the impact of the Adhere to Month End option regarding a derivative maintained under the Product.</p> <p>Assume the Effective Date of the contract (with floating interest) is 01 January 2000, and the Maturity Date is 31 December 2000.</p> <p>You have specified that the principal schedule frequency is quarterly. If you choose the Adhere to Month End option, the schedules for this derivative would be due on the following dates:</p> <ul style="list-style-type: none"> • 31 March 2000 • 30 June 2000 • 30 September 2000 • 31 December 2000 <p>If you do not choose the Adhere to Month End option, the schedules for this derivative would be due on the following dates:</p> <ul style="list-style-type: none"> • 31 March 2000 • 30 June 2000 • 30 September 2000 • 30 December 2000 <p>The schedule dates for all derivatives maintained under the product is calculated similarly.</p> |

8. On the **Derivatives Product Preferences** screen, click **Amortization Details** Tab. The **Amortization** is displayed.

Figure 3-4 Amortization

9. On **Amortization** screen, specify the fields, and click **Ok**.

For more information on fields, refer to the below table.

The Product Code and Product Type are by default from the Product Maintenance screen. In this screen, specify the following:

Table 3-5 Amortization Details - Field Description

| Field | Description |
|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amortization of Inception/Termination Gain Required | <p>Indicates whether inception/termination gain requires amortization.</p> <p>Check the respective box to indicate that amortization is required for inception/termination gain. Uncheck if amortization is not required.</p> <div style="background-color: #e6f2ff; padding: 10px; border: 1px solid #0070c0;"> <p> Note:</p> <p>If you choose these options, then amortization of inception/termination gain will be made applicable to all contracts associated with the product. You can, however, change it while entering the details of the contract. But if you indicate that amortization is not required, then you will not be allowed to change this preference while processing the contract.</p> <p>At the time of inception, Gain is distributed throughout the period from Effective Date to Maturity Date of the contract.</p> <p>At the time of termination, Gain is distributed throughout the period from Termination Date to Maturity Date of the contract.</p> <p>In case of Termination Gain, system amortizes from the Termination Date to the Maturity Date of the contract; Whereas, in case of Inception Gain, system amortizes from the Effective Date to the Maturity Date of the contract.</p> </div> |

Table 3-5 (Cont.) Amortization Details - Field Description

| Field | Description |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amortization of Inception/Termination Loss Required | <p>Indicates whether inception/termination loss requires amortization.</p> <p>Check the respective box to indicate that amortization is required for inception/termination gain. Uncheck if amortization is not required. The amortization loss value must be negative.</p> <div style="border: 1px solid #0070C0; padding: 10px; background-color: #E6F2FF;"> <p> Note:</p> <p>If you choose these options, then amortization of inception/termination loss will be made applicable all contracts associated with the product. You can however change it while entering the details of the contract.</p> <p>At the time of inception, Loss is distributed throughout the period from Effective Date to Maturity Date of the contract.</p> <p>At the time of termination, Loss is distributed throughout the period from Termination Date to Maturity Date of the contract.</p> <p>In case of Termination Loss, system amortizes from the Termination Date to the Maturity Date of the contract; Whereas, in case of Inception Loss, system amortizes from the Effective Date to the Maturity Date of the contract.</p> </div> |
| Amortization Level | <p>Indicate the level at which the amortization entries for inception/termination gain and/or loss should be passed. The options available are:</p> <ul style="list-style-type: none"> • Product • Contract <p>At the product level, amortization entries will be passed for the product and currency combination. The system identifies those contracts, which need to be amortized for inception gain and/or loss and passes accounting entries based on the set-up defined for accounting entries.</p> <p>At the contract level inception gain/loss amortization entries will be passed for individual contracts linked to the particular product.</p> |
| Amortization Frequency | <p>Indicate the amortization level for gain and loss of contract inception and termination, you have to specify the frequency at which amortization should take place.</p> <p>The frequency can be one of the following:</p> <ul style="list-style-type: none"> • Daily • Weekly • Monthly • Quarterly • Half yearly • Yearly |

Table 3-5 (Cont.) Amortization Details - Field Description

| Field | Description |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amortization Start Weekday | In the case of weekly accrual, you should specify the day of the week on which interest accruals should be carried out. For instance if you specify that accruals should be carried out every Friday, then the contract or product (depending on the level specified) will be accrued on every Friday of the week. |
| Amortization Start Day | In the case of monthly, quarterly, half yearly or yearly amortization, you should specify the date on which the amortization should be done during the month. For example, if you specify the date as 30, amortization will be carried out on that day of the month, depending on the frequency. If you want to fix the amortization date for the last working day of the month, you should specify the date as 31 and indicate the frequency. If you indicate the frequency as monthly, the amortization will be done at the end of every month - that is, on 31st for months with 31 days, on 30th for months with 30 days and on 28th or 29th, as the case may be, for February. Specify the frequency as quarterly and fix the amortization date as 31, amortization will be done on the last day of the month at the end of every quarter. It works similarly for half-yearly and yearly amortization frequency. If the amortization date falls on a holiday, the amortization is done as per your holiday handling specifications in the Branch Parameters screen. |
| Amortization Start Month | If the amortization frequency is set to quarterly, half yearly or yearly, specify the month in which the first amortization has to begin, besides the date on which the amortization must be done. For example, if the half-yearly option is selected, and specified the start date as 31 and the start month as June. The system process the first amortization on the 30 of June for the period from January 1 to 30th June. The second one is done on the 31st of December for the period from 1st July to 31st December. |

3.2 ISDA

This topic provides the systematic instructions to configure the ISDA Confirmation Preferences.

The maintenance in this screen is used for confirmation check of specific derivative deal events.

1. On **Derivatives Product Preferences** screen, click **ISDA**.

The **ISDA Confirmation Preferences** is displayed.

Figure 3-5 ISDA Confirmation Preferences

2. On the **ISDA confirmation preferences** screen, click ISDA Confirmation to populate the list of ISDA events applicable for the module.
3. Select the check box next to the Description based on the requirement.
4. Click **Ok** to save the details or **Exit** to close the screen.

3.3 Derivatives Revaluation Contract Fair Values

This topic describes how to define the fair price revaluation methods, maintain fair values for revaluing a contract, interest revision and operation on the contract fair price maintenance record.

This topic describes the following sub- topics:

- [Define the Fair Price Revaluation Methods](#)
- [Maintain Fair Values for Revaluing a Contract](#)
- [Interest Revision](#)
- [Operations on the Contract Fair Price Maintenance record](#)

3.3.1 Define the Fair Price Revaluation Methods

Revaluation is used to revalue all active trade deals based on the revaluation frequency parameters specified through the Preferences screen while defining products. Since the market rates are constantly in a state of flux, revalue the worth of all active trade deals periodically.

In Oracle Banking Treasury, revalue the worth of contracts by using either one of the following methods. They are as follows:

- Maintaining Contract Fair Prices whereby you have to indicate the fair price of individual contracts, is used for revaluation.
- Maintain branch level forward interest rates through Maintaining Branch Interest Rates, determines the fair price used for revaluation. Fair price is calculated based on the interest rates and will apply to In or Out leg based on the contract.
- Maintaining Contract Interest Rates to maintain contract specific forward interest rates determines the fair price used for revaluation. Fair price is calculated based on the interest rates apply to In or Out leg based on the contract.

Your preference for revaluing contracts linked to the particular product will default to all the contacts linked to that product. However, you can change this preference at the time of processing the contract.

Each of these revaluation methods have been explained in detail in the following sections.

3.3.2 Maintain Fair Values for Revaluing a Contract

If indicated that a particular contract must be revalued based on the contract fair price, the system automatically inserts a record in the Revaluation Contract Fair Price Maintenance screen for that contract. This is done during the Beginning of Day batch process based on the revaluation frequency specified at the product level. This concept can be explained with the help of an example:

You have set the revaluation frequency of the contract bearing the reference number 000DV21992950177 to monthly. The first revaluation was done on 1st January 2000. The next is due on the 1st of February 2000. On the 1st of February 2000 the system automatically inserts another record in the 'Contract Fair Price Maintenance' screen for the contract 000DV21992950177. You have to unlock the record, enter the in/out leg values and the net fair value of the contract.

1. On the Home page, type **DVDCNVAL** in the text box, and click next arrow.

The **Derivatives Revaluation Contract Fair Values** screen is displayed.

Figure 3-6 Derivatives Revaluation Contract Fair Values

The screenshot shows the 'Derivatives Revaluation Contract Fair Values' application window. At the top, there are 'New' and 'Enter Query' buttons. The main area is divided into several sections:

- Contract Reference:** Includes a search field with a magnifying glass icon and a 'User Reference' field below it.
- Revaluation Date:** Includes a date selection field and a 'Transaction Date' field below it.
- In Leg:** Includes 'In Leg Revaluation Currency' and 'In Fair Value' fields.
- Out Leg:** Includes 'Out Revaluation Currency' and 'Out Fair Value' fields.
- Input Method:** Includes radio buttons for 'Auto' and 'Manual', with 'Manual' selected.
- Net:** Includes 'Net Revaluation Currency' and 'Net Fair Value' fields.
- Confirmation:** Includes a 'Confirmation Date' field and a 'Confirmed' toggle switch.

At the bottom, there are 'Fields', 'Audit', 'Exit', and 'Save' buttons.

2. On the **Derivatives Revaluation Contract Fair Values** screen, specify the fields.
3. On the **Derivatives Revaluation Contract Fair Values** screen, select new to change the revaluation frequency of a specific contract.
4. On the **Revaluation Contract Fair Value** screen, select the reference number of the contact to change revaluation frequency. Enter the revaluation date, the new in and out leg values, and the net fair value.
5. Select the **Summary** option under Contract Price to call an existing contract price maintenance record.

On the **Summary** screen, double click a record to open it.

6. Click the unlock icon or select Unlock from the menu to modify the in and out leg values. Enter the in and out leg values, and compute the new net fair value and save the record.

During bulk upload of these fair values for multiple contracts, Oracle Banking Treasury expects the following information to be present in the upload message:

- Contract Reference No
- Effective Date
- InLeg Value
- OutLeg Value

If any of these values are missing for any record, the system will terminate the upload process and raise an error as Net Fair value will default from Inleg and Outleg fair values.

The single record and bulk record uploads requests are handled in bulk requests itself for the following:

- DV Fair value
- DV Rate Revision

The system will also raise an error if:

- Contract Reference Number is not valid
- Duplicate record exists for the Contract Reference Number and Effective date combination
- Revaluation date is greater than the application date

Run the fair value upload process any time before the DV batch is processed during the day. During the DV batch, contract revaluation is done based on the fair value uploaded.

3.3.3 Interest Revision

The system selects the option Auto if a revaluation record is created automatically during EOD batch. Create the revaluation record manually and select the option as Manual.



Note:

Typically, the manual revaluation record is created on the booking date, as by then the EOD batch would not have run.

Net Fair Value

Indicate the net fair value of the contract as of the revaluation date. The entered value includes the effect of the in the leg and out leg of the contract.

When the currencies of both the in and out leg of the contract are the same you have to calculate the net fair value of the contract by deducting the out leg amount from the in leg amount.

The Fair Value in the In Leg field amounts to USD 1,000,000.00.

The Fair Value in the Out Leg field amounts to USD 500,000.000

Since both the values are in the same currency, USD 500,000.000 deducted from USD 1,000,000.00 amounts to USD 500,000.000. Thus enter USD 500,000.000 as the Net Fair Value.

Suppose, the currencies of both the legs of the contract are different then the Base Currency specified at the time of Contract Input is accepted as the default currency for the Net Fair Value. Compute the Net Fair value using the existing exchange rates.

After indicating the respective values, indicate the confirmation. Only confirmed records will be picked up and processed for revaluation by the End of Day batch process.

3.3.4 Operations on the Contract Fair Price Maintenance record

Apart from maintaining a new fair price for a particular contract, you can perform any of the following operations (if any function under the Actions menu is disabled, it means that the function is not allowed for the record) on an existing record.

- Amend the details of a record
- Authorize a record

Refer to the *Oracle Banking Treasury User Manual on Common Procedures* for details of these operations.

3.4 Derivatives Revaluation Branch Interest Rates

This topic describes the derivatives revaluation branch interest rates, and how to maintain branch-wise forward interest rates.

This topic contains the following sub-topics:

- [Maintain Branch-wise Forward Interest Rates](#)
- [Branch wise Forward Interest Rate Maintenance record Operations](#)

3.4.1 Maintain Branch-wise Forward Interest Rates

Branch level maintenance of forward interest rates is necessary for revaluing those contracts for which you have indicated that revaluation must be according to the Branch Rates.

Oracle Banking Treasury identifies those contracts, which are to be revalued according to the forward interest rates maintained at the branch level and creates records in the Revaluation Branch Interest Rate screen based on the revaluation date. Unlock each record and indicate appropriate interest rates for specific interest periods.

1. On Home screen, type **DVDBRRAT** in the text box, and click next arrow.
The **Derivatives Revaluation Branch Interest Dates** screen is displayed.

Figure 3-7 Derivatives Revaluation Branch Interest Dates

2. On the **Derivatives Revaluation Branch Interest Dates** screen, specify the fields.

For more information on fields, refer to the below table.

The advantage in maintaining branch-wise interest rates is when multiple contracts require the same rate(s) for processing revaluation, (the tenor and currency combination should be the same) the BOD function identifies all the required rates and inserts a single record into this screen.

If you are maintaining details of a new interest rate for your branch, select New from the Actions menu in the Application tool-bar or click the new icon. The Branch Interest Rates Maintenance screen displays without any details.

If a branch interest rate record is defined, choose the Summary option under Branch Rates. From the Summary screen, double-click a record to open.

Table 3-6 Derivatives Revaluation Branch Interest Rates Field Description

| Field | Description |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rate Code and Rate Source | If the details of a new interest rate for your branch are maintained, indicate the rate code that is to be associated with the interest rate. Identify a valid code from the list of rate codes available. Subsequently, indicate the source to which the rate code belongs. When you indicate the codes linked to the rate code, and source the description assigned to them will default in the adjacent fields. |
| Revaluation Date | All those contracts, which must be revalued as per the interest rates maintained at the branch level, will be revalued as of the revaluation date. While maintaining details of a new interest rate, indicate the date based on which contracts is revalued. |
| Interest Revision | The system revises interest rates automatically when the daily batch for derivatives is run using the Branch specific Interest rate revaluation method. |

Table 3-6 (Cont.) Derivatives Revaluation Branch Interest Rates Field Description

| Field | Description |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Confirmation | <p>Check this box to confirm that the correct interest rate is entered. Once you check this box, the current system date displays in the Date field.</p> <div style="border-left: 2px solid #0070C0; padding-left: 10px; margin-top: 10px;"> <p> Note:</p> <p>If this box left unchecked, then this record will not be taken up for revaluation processing.</p> </div> |
| Rate Details | <p>Since the system identifies the currency and tenor of forwarding rates required for each revaluation date, on the Revaluation Date revaluation is considered to only those contracts with the particular Rate Code, Rate Source, and Currency combination.</p> |
| Currency Code | <p>Choose the currency to maintain the Interest Rate. Once the Currency Code is selected, the description assigned to it displays in the adjacent field.</p> |
| Period Start and End Date | <p>Specify the start and end dates for the interest rate you are defining.</p> |
| Interest Rate | <p>Enter the interest rate for the particular rate code. The interest rate specified is meant for your branch and is used to determine the Fair Value of all those contracts for which you have indicated that branch-level interest rates are to be used for revaluation.</p> <p>Further, the revaluation is done for only those contracts with the particular Rate Code, Rate Source, and Currency combination for the particular Revaluation Date.</p> <p>Click the add button and enter the relevant details to define a new forward interest rate for a specific interest period. To delete an existing rate, highlight the rate and click on the delete button.</p> |

3.4.2 Branch wise Forward Interest Rate Maintenance record Operations

Apart from maintaining a new forward interest rate, you can perform any of the following operations (if any function under the Actions menu is disabled, it means that the function is not allowed for the record) on an existing record.

- Amend the details of a record
- Authorize a record

Refer to the *Oracle Banking Treasury User Manual on Common Procedures* for details of these operations.

3.5 Derivatives Revaluation Contract Interest Rates

This topic describes how to maintain contract specific forward rates for revaluation and operation of contract specific forward interest rate maintenance record.

This topic has the following sub- topics:

- [Maintain Contract specific Forward Interest Rates for Revaluation](#)
This topic describes the systematic procedure to maintain contract specific Forward Interest Rates for Revaluation.
- [Operation of Contract Specific Forward Interest Rate Maintenance record](#)
This topic describes the operation of maintaining a new contract specific forward interest rate process.

3.5.1 Maintain Contract specific Forward Interest Rates for Revaluation

This topic describes the systematic procedure to maintain contract specific Forward Interest Rates for Revaluation.

Maintain contract specific forward interest rates to revalue those contracts whose fair price is to be determined based on the forward interest rates maintained for the particular contract.

The system creates and stores records in the Contract Interest Rates Maintenance screen for those contracts whose fair price is to be determined based on the forward interest rates maintained for the contract.

1. On Homescreen, type **DVDCNRAT** in the text box, and click next arrow.
The **Derivatives Revaluation Contract Interest Rates** screen is displayed.

Figure 3-8 Derivatives Revaluation Contract Interest Rates

2. On the **Derivatives Revaluation Contract Interest Rates** screen, specify the fields.
3. On the Summary screen, click Summary options under the contract screen to indicate the forward interest rates of individual contracts. Select Unlock from the Actions menu in the Application tool bar or click the unlock icon.
Enter the interest rate(s) required for each contract and confirm it.
4. Select New from the Actions menu in the Application tool bar or click the new icon, for an ad hoc revaluation of a particular contract.

Contract Interest Rates Maintenance screen is displayed.

5.

 **Note:**

The interest rate(s) that entered is used to determine the Fair Value for revaluing that particular contract.

Select the reference number of the contract which is to be 4-23 revalued after indicating the new revaluation date of the contract, you can specify the new interest rate for the interest period.

3.5.2 Operation of Contract Specific Forward Interest Rate Maintenance record

This topic describes the operation of maintaining a new contract specific forward interest rate process.

Apart from maintaining a new contract specific forward interest rate, you can perform any of the following operations (if any function under the Actions menu is disabled, it means that the function is not allowed for the record) on an existing record.

- Amend the details of a record
- Authorize a record

Refer to the Oracle Banking Treasury User Manual on *Common Procedures* for details of these operations.

4

Batch Process

The End of Cycle process constitutes a set of programs that mark the logical beginning or end of a cycle of events. It is required to execute many routine functions every day as part of the End of Cycle process. The functions are:

- Beginning of day programs (BOD)
- End of Day (EOD)

The various BOD and EOD functions that are processed by the system is documented in this system.

This topic contains following sub-topics:

- [Daily Events](#)
This topic explains the processing of daily events and mandatory batch program maintenance

4.1 Daily Events

This topic explains the processing of daily events and mandatory batch program maintenance

The Daily Events has the below topics:

- Process Daily Events
- Mandatory Batch Program Maintenance

Process Daily Events

As part of the batch processes, the following events are selected and processed:

- Settlements
- Accruals/Amortization
- Revaluation population
- Revaluation processing

The batch function identifies the previous process to date (the date until which the previous batch was run) and the current process to date (the date until which the current batch is being run) for the current batch run. It then considers the type of batch being run. This can be either BOD batch run or EOD batch run.

Based on the parameters specified at the time of maintenance, the function selects the various events in the following order:

Events that need to be processed only once in a batch run and are applicable for the type of batch being run whether BOD or EOD.

Events that requires running for all holidays falling between the previous process to date and the current process to date.

Events running on every processing date and are applicable for the current type of batch being run for all the working days of the batch.

Mandatory Batch Program Maintenance

This section contains following sub-topics:

- [Process Automatic Daily Program](#)
This topic explains the systematic instruction to process Automatic Daily Program.
- [Batch Process](#)
This topic describes year end batch process.
- [External Revaluation](#)
This topic describes the external MTM upload through web service, GI, and external revaluation process.

4.1.1 Process Automatic Daily Program

This topic explains the systematic instruction to process Automatic Daily Program.

It is necessary to maintain a mandatory program, to run the derivatives daily event program.

- On the **Mandatory Batch Program Maintenance** screen, specify **EIDMANPE** in the text box, and click next arrow.

Maintain the function **DVBAUDLY** as a mandatory program to execute the End of Day batch

For further details on running an EOD batch, refer to Automated End of Day User Manual

4.1.2 Batch Process

This topic describes year end batch process.

The year-end batch process is triggered to collect data about the unrealized income booked for each contract during the year. It is allowed to trigger this process only if the Track PY PnL Adjustment option is enabled for the branch through the Preferences section of the 'Branch Parameters' screen.

During liquidation, the information collected using the batch process is used to post-adjustment entries to the previous year's adjustment GL

Make sure to execute this batch process before executing the Year-end P and L balance transfer batch. The balances about the unrealized income booked for each contract during the year is stored at the Contract, Component and Currency level.

For unrealized accruals the batch process stores data for the in the leg and out leg interest components and for the unrealized accrual of termination gain/loss. For advance contracts, unrealized accrual signifies accruals for those schedules, which have liquidated but for which accruals have not completed. For arrears contracts, unrealized accrual is indicative of the amount accrued until the date for those interest schedules, which are yet to be liquidated.

For termination gain or loss, unrealized accrual is the amount accrued for a terminated contract, which has not yet reached maturity.

This topic has the following sub-topic:

- [Upload DV Contracts](#)

4.1.2.1 Upload DV Contracts

Oracle Banking Treasury provides the facility of holiday treatment for principal schedules, interest and interest revision schedules of a DV online contract based on Multiple-currency and Multiple-financial centers if the following conditions are satisfied.

- The derivative type for the product allows combined holiday treatment.
- To specify the details of currencies or financial centers for combined holiday treatment for uploaded DV contracts in the table shown below:

Table 4-1 DV Contracts table

| Column Name | Data Type | Length | Description |
|------------------|-----------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| BRANCH_CODE | Character | 3 | Branch Code |
| SOURCE_CODE | Character | 20 | Source Code of the external system |
| EXTERNAL_REF_NO | Character | 16 | Unique Reference Number of the contract being uploaded |
| COMPONENT | Character | 10 | INLEG_PRN => Principal of the in leg OUTLEG_PRN => Principal of the out leg DV_IN_INT => Interest of the inleg DV_OUT_INT => Interest of the outleg |
| CCY_FIN_CENTER | Character | 3 | Currency code or Clearing house |
| CCY_OR_FINCENTER | Character | 1 | C => Currency F => Financial Centre |

If the value of CCY_OR_FINCENTER is C, then the value provided in CCY_FIN_CENTER must be an authorized and open currency

If the value of CCY_OR_FINCENTER is F, then the value provided in CCY_FIN_CENTER must be an authorized and open clearing house.

Provide details of the list of currencies or financial centers from the above table if the type of the derivative for the uploaded product supports combined holiday treatment and the holiday treatment for a specific component and schedule type is set as currency or financial center.

When holiday treatment is set as combined but schedule holiday treatment has been set as ignore or Local at the specific component level then the data provided in the combined holiday treatment table is not considered by Uploaded schedules.

In case of synchronous schedules for principal or interest supported by the derivative type, the OUT leg holiday preference will default from the IN leg and the already provided OUT leg

will be ignored. While in case of synchronous revision for IN or OUT legs for interest revision supported by derivative type, IN/ OUT revision holiday preference defaults from IN/ OUT interest holiday preference.

In case of asynchronous schedules if you have to specify the holiday treatment in the existing upload tables as Currency/ Financial center for IN and OUT legs and the holiday treatment in type maintenance is defined as combined, then you must provide for combined holiday treatment details for IN and OUT leg separately else an error is displayed. If the holiday treatment has been specified as Ignore/ Local for the component in the existing table, then the new upload table for combined holiday treatment is ignored for that component and schedule type.

4.1.3 External Revaluation

This topic describes the external MTM upload through web service, GI, and external revaluation process.

Here the revaluation is done based on the external values which is provided as the input (revaluated profit or loss) to the system.

Once the External revaluation option is enabled at branch parameter, the EOD batches in the system does not calculate any profit or loss for the contracts, the accounting entries which is given to the system is posted and the revaluation event is triggered.



Note:

If the option external revaluation is enabled and if the MTM value is not received, the system skips the revaluation for the particular contract and the system logs exception into a table.

External MTM upload through Webservice

The External MTM value received is in XML format for a contract.

An Operation CreateExtMTMValue is used to upload DV External MTM Value for a contract through the gateway.

The following fields are mentioned in the XML:

Table 4-2 XML Fields

| Field | Description |
|------------------------|----------------------------------------------------------------------------|
| Source | Code Source Code of the upload |
| Upload Date | Date when XML is uploaded |
| Upload time | Time of the upload |
| Effective Date | Revaluation/Value Date used in accounting |
| Branch Code | Branch Code of the bank. |
| Contract Ref No | Reference Number of the contract for which MTM value upload is being done. |
| In Leg CCY | In Leg CCY |

Table 4-2 (Cont.) XML Fields

| Field | Description |
|------------------------|------------------------------------------|
| Out Leg CCY | Out Leg CCY |
| Base CCY | Base CCY |
| In Leg P&L | Calculated In Leg P&L (External System) |
| Out Leg P&L | Calculated Out Leg P&L (External System) |
| Net P&L | Calculated Net P&L (External System) |

An error is raised when:

- The Contract reference number is not valid.
- Duplicate record exists for the contract reference number and revaluation date.
- Revaluation date is greater than the application date.
- Contract is not active.
- If Netting required flag is checked and Net P&L, Base CCY is not there in XML.
- If Netting required flag is unchecked and In Leg P&L, Out Leg P&L, In Leg and Out Leg CCY is not there in XML.

External MTM upload through GI

The Bulk Upload of external MTM value is supported through GI.

User can define properties, formats and components associated with interface file in the Interface Definition GIDIFTDF screen. For uploading rate fixed contracts from external system into OBTR select interface type as Incoming, interface code as DVDETMTM.

When an Incoming Interface Definition is saved, a dynamic package and external tables for each component is created in the Database. The generated dynamic package consists of fn_process_file and fn_upload for maintenance functions.

External tables per component is created on the file name mentioned in the Interface Maintenance, which is used for reading the corresponding component's data from the file.

The processing of the incoming interface takes place in:

- File process (FP): This process transfers data from file to upload tables.
- Data process (DP): This process transfers data from upload table to the base tables.

The following fields are mentioned in the incoming files:

Table 4-3 Fields in the Incoming file

| Field | Description |
|-----------------------|-------------------------------------------|
| Source Code | Source Code of the upload |
| Upload Date | Date when XML is uploaded |
| Upload time | Time of the upload |
| Effective Date | Revaluation/Value Date used in accounting |
| Market Date | MTM fair Value date |

Table 4-3 (Cont.) Fields in the Incoming file

| Field | Description |
|------------------------|----------------------------------------------------------------------------|
| Branch Code | Branch Code of the bank. |
| Contract Ref No | Reference Number of the contract for which MTM value upload is being done. |
| In Leg CCY | In Leg CCY |
| Out Leg CCY | Out Leg CCY |
| Base CCY | Base CCY |
| In Leg P&L | Calculated In Leg P&L (External System) |
| Out Leg P&L | Calculated Out Leg P&L (External System) |
| Net P&L | Calculated Net P&L (External System) |

- For the error validation refer to the error validation of the Web Services in the above section.
- The Job DV_MTMUPLOAD is defined and scheduled to pick the records from external system through GI for processing.
- User can trigger the process of Generic Interface using the Interface Trigger screen (GIDIFPRS).
- For more information on the GI process, refer to the Generic Interface User Manual.
- Move the incoming file to the DB server 'Read' folder manually or through file upload feature.
- Before starting the file upload, ensure that user has sufficient access permissions/ grants to move and copy the files in the following folders inside file path specified while defining the interface.
 - ready
 - wip
 - file_processed
 - processed
 - error
- On successful upload of external MTM Value, the external revaluation event is triggered and system will post accounting entries will trigger online.

External Revaluation Process

- External Revaluation is done based on DV Branch Parameter. If External Revaluation is at Branch Level, the branch revaluation is always executed externally.
- If External Revaluation is at Product Level, system checks the External Revaluation Required flag at Product. If the flag is checked, the revaluation happens externally and if the flag is Unchecked revaluation happens internally on EOD batch processing.

- If the MTM value is uploaded for only one contract, the data is received using Webservice, and on successful acknowledgment, the external revaluation (EXRV) event is triggered online to perform the revaluation entries online.
- In case of the bulk upload, the data is received through Generic Interface, and on successful acknowledgment the external revaluation (EXRV) event is triggered online to perform the revaluation entries online.
- All other entity related to accounting and revaluation works as per existing functionality.
- If the Revaluation Reversal is along with Revaluation at branch parameter level, the reversals of entries for a particular revaluation is performed at the time of the next revaluation with EXRR Event.
- If the Revaluation Reversal is Next Day in BOD at branch parameter level, any revaluation gain or loss is reversed the very next day during the BOD process with EXRR Event.
- If the BOD processing date is the first day of the financial year, revaluation reversal is done from the previous Year adjustment GL maintained on upload External Revaluation table is populated with respective values.
- If External revaluation parameter is enabled, and is the revaluation level is branch, the DV batch does not execute the internal revaluation.
- In case OBTR does not receive any MTM value for any particular day, the system skips the revaluation for the particular contract on that day.

 **Note:**

The System supports the back dated External revaluation.

- When OBTR receives back dated External revaluation after year- end, Profit and Loss adjustment entries are posted manually as Journal entry. User operationally handle the same.

Example for External Revaluation:

Consider the contract is booked on 15th July with external revaluation required.

Scenario 1:

On 17th receiving P&L amount as 150 GBP for 16th July.

Table 4-4 Event EXRV (External Contract Revaluation)

| Accounting Role | Amount Tag | Dr/Cr | Amount | CCY | Transaction Date | Value Date |
|-----------------|----------------|-------|--------|-----|------------------|------------|
| CONT_FAIR_VAL | CUR_NETRVL_INC | Dr | 150 | GBP | 17-Jul-20 | 16-Jul-20 |
| NET_RVL_INC | CUR_NETRVL_INC | Cr | 150 | GBP | 17-Jul-20 | 16-Jul-20 |

On 18th receiving P&L amount as 75 GBP for 17th July

1st Revaluation reversal is triggered.

Table 4-5 Event EXRR (External Contract Revaluation reversal)

| Accounting Role | Amount Tag | Dr/Cr | Amount | CCY | Transaction Date | Value Date |
|-----------------|----------------|-------|--------|-----|------------------|------------|
| NET_RVL_INC | PRV_NETRVL_INC | Dr | 150 | GBP | 18-Jul-20 | 18-Jul-20 |
| CONT_FAIR_VAL | PRV_NETRVL_INC | Cr | 150 | GBP | 18-Jul-20 | 18-Jul-20 |

Table 4-6 Event EXRV (External Contract Revaluation)

| Accounting Role | Amount Tag | Dr/Cr | Amount | CCY | Transaction Date | Value Date |
|-----------------|----------------|-------|--------|-----|------------------|------------|
| CONT_FAIR_VAL | CUR_NETRVL_INC | Dr | 150 | GBP | 18-Jul-20 | 17-Jul-20 |
| NET_RVL_INC | CUR_NETRVL_INC | Cr | 150 | GBP | 18-Jul-20 | 17-Jul-20 |

Scenario 2 - Next Day in BOD:

On 17th receiving P&L amount as 150 GBP for 16th July.

Table 4-7 Event EXRV (External Contract Revaluation)

| Accounting Role | Amount Tag | Dr/Cr | Amount | CCY | Transaction Date | Value Date |
|-----------------|----------------|-------|--------|-----|------------------|------------|
| CONT_FAIR_VAL | CUR_NETRVL_INC | Dr | 150 | GBP | 17-Jul-20 | 16-Jul-20 |
| NET_RVL_INC | CUR_NETRVL_INC | Cr | 150 | GBP | 17-Jul-20 | 16-Jul-20 |

On 18th BOD during batch revaluation reversal is triggered.

Table 4-8 Event EXRR (External Contract Revaluation reversal)

| Accounting Role | Amount Tag | Dr/Cr | Amount | CCY | Transaction Date | Value Date |
|-----------------|----------------|-------|--------|-----|------------------|------------|
| NET_RVL_INC | PRV_NETRVL_INC | Dr | 150 | GBP | 18-Jul-20 | 18-Jul-20 |
| CONT_FAIR_VAL | PRV_NETRVL_INC | Cr | 150 | GBP | 18-Jul-20 | 18-Jul-20 |

On 18th receiving P&L amount as 75 GBP for 17th July.

Table 4-9 Event EXRV (External Contract Revaluation)

| Accounting Role | Amount Tag | Dr/Cr | Amount | CCY | Transaction Date | Value Date |
|-----------------|----------------|-------|--------|-----|------------------|------------|
| CONT_FAIR_VAL | CUR_NETRVL_INC | Dr | 150 | GBP | 18-Jul-20 | 17-Jul-20 |
| NET_RVL_INC | CUR_NETRVL_INC | Cr | 150 | GBP | 18-Jul-20 | 17-Jul-20 |

On 19th BOD during batch revaluation reversal is triggered.

Table 4-10 Event EXRR (External Contract Revaluation reversal)

| Accounting Role | Amount Tag | Dr/Cr | Amount | CCY | Transaction Date | Value Date |
|-----------------|----------------|-------|--------|-----|------------------|------------|
| NET_RVL_INC | PRV_NETRVL_INC | Dr | 150 | GBP | 19-Jul-20 | 19-Jul-20 |
| CONT_FAIR_VAL | PRV_NETRVL_INC | Cr | 150 | GBP | 19-Jul-20 | 19-Jul-20 |

On 19th OBTR does not receive revaluation from external system, then the revaluation event is not triggered and revaluation is skipped.

5

Process a Derivatives Contract

Capture the details of the contract through the Contract Input Details screen. Before we proceed to discuss the details of the Derivatives Contract Input screen, briefly recall the work flow in the Derivatives module.

Maintain the basic information that is necessary for the successful functioning of the module. This information includes the maintenance of:

- Derivative Types
- Bank and Branch Parameter details
- Revaluation details
- Messaging party details
- Counterparty details
- Interest, Tax and Charge class details

The next step in the process is the creation of products for the derivatives module. Products help you group or categorize contracts, which share broad similarities. Associate a derivative type with each of the products that you create. Thus the product inherits all the attributes of the type. Subsequently associate the various interest, charge and tax classes with the product.

Under each product that you define, you can enter specific contracts for this module. By default, a contract inherits the attributes of the product to which it is associated. This means that you do not have to define the attributes that default from the product every time you input a contract involving the product. It is possible to change some of the attributes to suit the product you are defining.

This topic contains the following sub-topics:

- [Maintain the Derivative Contract Input Screen](#)
This topic describes the systematic procedure to maintain the derivative contract input screen.
- [Saving the Details of a Contract](#)
This topic explains the concept of saving the contracts details using Save from the Actions menu in the Application tool-bar or by clicking the save icon.
- [Inflation Swap Processing](#)
An inflation swap is a contract used to transfer inflation risk from one party to another through an exchange of fixed cash flows.
- [Processing Amendment on Derivatives Contract Details Screen](#)
This topic describes the amendment processing using the **Derivatives Contract Details** screen.
- [View Derivative Contract Details](#)
This topic describes the systematic instruction to process derivative contract details.
- [Contract Upload](#)
This topic explains how to upload a contract, amendment fee processing, and upload derivative rate.

- [Schedule Confirmation](#)
This topic describes the schedule confirmation, confirm interest and principal schedules, and confirm a schedule.
- [Reassign contract to another user](#)
This topic describes the systematic instruction to reassign topics to another user.
- [ISDA Confirmation](#)
This topic describes the details to capture the confirmation check for derivative deal events.
- [Rate Fixing](#)
This topic describes the rate fixing, Treasury branch parameter maintenance, Treasury rate fixing maintenance, Derivative product definition, Transaction input, Rate fixing process, Manual principal reset processing on CCS deals, Manual principal reset summary, Manual principal reset processing from UI, Manual principal reset processing on CCS deals, and CCS principal reset EOD processing.
- [Manual Liquidation](#)
A new screen is introduced to enable Online manual liquidation on Derivative type of contracts. The contracts that are due on the scheduled date or after the scheduled date can be manually liquidated through this manual liquidation screen.
- [SGEN Messages Generation](#)
This topic describes the SGEN message generation feature.

5.1 Maintain the Derivative Contract Input Screen

This topic describes the systematic procedure to maintain the derivative contract input screen.

1. On the Home page, type **DVDTRONL** in the text box, and click next arrow.
The **Derivative Contract Input** screen is displayed.

Figure 5-1 Derivative Contract Input

The screenshot displays the 'Contract Input' screen with the following sections and fields:

- Top Bar:** 'New' button, 'Enter Query' button, and window controls.
- Product Section:** Product (with search and 'P' icon), Product Description, Reject Reason (with search), and Swapion Reference (with search and 'P' icon).
- Reference Section:** Reference Number *, User Reference, External Reference, Reversed Reference, and Deal Input Time.
- Version Section:** Version Number, Previous/Next navigation, Source Code (FLEXCUBE), Type (with search), and Type Description.
- Main Section:** Counterparty (with search), Description, Settlement Account Branch (with search), Account (with search), Contract Type (radio buttons for Hedge and Trade), and Resettable Leg (set to None).
- Detail Section:** Trade Date *, Booking Date *, Value Date *, Maturity Date *, Buy or Sell (radio buttons for Buy and Sell), and Indexation Type.
- Additional Section:** Liquidate Past Schedules (toggle), Broker (with search), Dealer (with search), Exchange Rate, Remarks (with 'Default' button), and a 'Default' button.
- In Leg Section:** In Leg Currency (with search), Description, and In Principal Amount *.
- Out Leg Section:** Out Leg Currency (with search), Description, and Out Principal Amount *.
- Rate Section (for both In and Out Leg):** Rate Type, Rate Source (with search), and Rate.
- Termination Details Section:** Rate Code (with search), Tenor Code (with search), Spread, Flat Amount, and Initial Level.
- Bottom Bar:** A series of tabs: Event, Brokerage, Settlements, Advice, Charges, Cashflow, Tax, MIS, Fields, Holiday Preferences, Split, Reporting Details, Audit, and Exit.

2. On the **Derivative Contract Input** screen, select New to specify the details of new contract.
3. Choose the Contract Input Summary option to call a created contract.
The details of all the contracts that entered earlier display in a tabular form.
4. Double click the summary screen to open an existing deal.

The Contract On-line screen contains the following that captures information specific to the contract that you are maintaining.

- Header
- Footer
- Body of fields

Capture these details in addition to the attributes that the contract acquires as a result of being linked to the product.

The screen fields contains two tabs. First capture the main details of the derivative contract such as the Contract Type, Counterparty, and the In and Out Leg interest and principal details.

5. Click **Principal** and specify the Contract Principal Schedules for both the in and out legs separately.
6. Click **Interest** to indicate the interest details for both the legs of the contract.

Start capturing additional information relating to the derivative by moving to the Detail tab.

- Revaluation details
- Inception
- Termination details

Besides the existing fields in the Derivative Contract Online screen, you will also notice a vertical array of icons. Click on an icon launches a screen that captures details specific to an attribute, Settlement Message details, for example.

These icons are briefly described below:

Table 5-1 Sub-systems Description - Field Description

| Sub-systems | Description |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Brokerage | Indicate brokerage details applicable to the contract in this screen. |
| Advice | Enter the leg advice details in this screen. View suppress and prioritize the devices that are to be generated for each leg of the transaction. |
| Event | View details of the events and accounting entries that the contract involves. The screen displays the overrides encountered for the contract. |
| Fields | Indicate the user-defined fields for which information needs to be captured. |
| Charges | The Charge service of Oracle Banking Treasury Management is processed in this screen. On processing this function, charge rate, amount, and waive charge parameters are specified. |
| MIS | Enter the transaction MIS details. |
| Settlements | The contract is settled based on the specified details in the settlement screens. The details of these screens are discussed in the Settlements manual. |
| Tax | The application of the tax on a deal is discussed under the head Levying tax on a contract. |
| Interest | The application of interest is processed in this screen. |
| Principal | The Principal is processed in this screen. The application of the principal is discussed in this chapter. |
| Sub Agreement | The Sub Agreement deals are processed in this screen. |

Through the **Derivatives Contract Input** screen, it is possible to process all types of derivative contracts.

Enter the details of a contract using a derivative product. Based on the type of entered contract, it is possible to select a product from the option list available at the Product field.

Once the product is linked with a contract, the attributes defined for the product and consequently the derivative type associated with the product are inherited by the contract automatically. It is allowed to change a few of these details such as revaluation details, the in and out leg interest details, before saving the contract.

Table 5-2 Derivative Contract Input- Main Tab - Field Description

| Field | Description |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reference Number | <p>Specify the Reference Number in the text box. The field is Mandatory.</p> <p>In Oracle Banking Treasury, reference numbers are generated automatically and sequentially by the system. This numbered tag is used to identify the entered contract. It is also used in all the accounting entries and transactions related to this contract. Hence the system generates a unique number for each contract.</p> <p>The contract reference number is a combination of a three-digit branch code, a four-character product code, a five-digit Julian Date, and a four-digit serial number. The Julian Date has the following format: YYDDD</p> <p>Here, YY stands for the last two digits of the year and DDD for the number of days (s) that has/ have elapsed in the year.</p> |
| User Reference | <p>Enter a reference number for the contract. A contract is identified by this number in addition to the Contract Reference Number generated by the system.</p> <div style="border-left: 2px solid #0070C0; border-right: 2px solid #0070C0; border-bottom: 2px solid #0070C0; padding: 10px; margin-top: 10px;"> <p> Note:</p> <p>Make sure that the number is unique and cannot be identified in any other contract. By default, the Contract Reference Number generated by the system will be taken as the User Reference No.</p> </div> |
| External Reference | Specify the identification for the transaction in the external source, as the external reference number, if the transaction is uploaded from an external source. |
| Reject Reason | Specify the Reject reason Code for payment reversal message. The option list displays all valid code maintained in the system. Choose the appropriate one. |
| Reversed Reference | The reference number displays the reversed and re-booked contract. |

Table 5-2 (Cont.) Derivative Contract Input- Main Tab - Field Description

| Field | Description |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Deal Input time | <p>This field captures the deal execution time at the time of deal booking received from front office.</p> <p>Format: YYYY-MM-DD HH:MM:SS:SSS (Default). Here SSS is milliseconds.</p> <div style="border: 1px solid #0070C0; background-color: #E6F2FF; padding: 10px; margin: 10px 0;"> <p> Note:</p> <p>The above format can be changed in the user setting option based on requirement.</p> </div> <p>System throws an error when you give the wrong date or time format on modification.</p> |
| Source Code | <p>Indicates the indicate the source from which contracts have to be uploaded.</p> |
| Swaption Reference | <p>Specify the swaption reference number to associate this contract with an options contract. The option list displays all valid option contract reference numbers maintained in the system. Choose the appropriate one.</p> <p>use P to have the details populated by the system. The system will default the following details based on the product code or the swaption reference number.</p> <ul style="list-style-type: none"> • Product Code • Product Type • Counter party • Value Date • Maturity Date • In Leg currency • In Leg Principal Amount • Settlement Account Branch • Settlement Account <p>The system triggers DBOK event when you save the contract. In this case, the system updates the status of the new contract as 'Yet to be initiated'. On authorization, the system links this contract to the corresponding swaption deal. On 'Options Contract Input' screen, you can view the contract reference number of the linked DV contract under 'Interest Rate Options' tab.</p> <p>The system allows the reversal of the swaption contract only after reversing the IRS contract linked to it.</p> <p>During the manual/auto-exercise of the OT contract, the system will initiate the corresponding DV contract. The system will trigger the DOPT event as part of this process. While performing auto-exercise during EOD operations, if an OT swaption contract is not linked to any DV contract, the system will move that particular OT contract to process exception. However, the EOD process will not fail for process exceptions. For such contracts, the contract status will continue to be active even after the maturity date of the swaption deal. You can manually control it by reversing or determination the Swaption contract.</p> |

Table 5-2 (Cont.) Derivative Contract Input- Main Tab - Field Description

| Field | Description |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Counterparty | When the details of a derivative contract are entered, specify the customer with whom the derivative contract is being entered. Specify the code of an authorized customer who falls into a category allowed for the product linked to the contract. |
| Settlement Account Branch | <p>To settle these components in an account existing at a branch other than the one where the contract is initiated, then indicate the branch code where the account resides. Subsequently indicate the account number of the settlement account.</p> <p>If Settlement Instructions is defined for the customer, the settlement accounts is picked from those instructions. While entering the details of the contract, you can change the Settlement Instructions for the derivative contract.</p> <div style="border-left: 2px solid #0070C0; border-right: 2px solid #0070C0; border-bottom: 2px solid #0070C0; padding: 10px; margin-top: 10px;"> <p> Note:</p> <ul style="list-style-type: none"> a. If a settlement account is specified in the settlement instructions for the customer, and a different account is specified for the derivative contract, the account specified for the contract takes preference. b. If Debit or Credit settlement accounts are specified that use an accounting class that is restricted for the product, an override is sought. </div> |
| Account | Specify the settlement account if the Settlement Instructions are not defined for the customer. The settlement account that specified is the account through which the various components linked to the contract get settled. |
| Contract Type | <p>All derivative contracts must be designated at inception either as Trade or as Hedge contracts. At the time of product definition, you would have indicated whether the product being defined is meant for trade deals or hedge deals. When you associate a contract with a product, the specification you made for the product will default to the contract. It is possible to change this specification.</p> <p>The Contract Type specification determines the accounting entries that will be passed for processing the particular contract. The system will identify all trade contracts and revalue them according to the revaluation preferences specified. For hedge type of contracts, interest accruals will be carried out at periodic intervals.</p> <p>Also indicate the contract is a Buy type or Sell type of contract.</p> |

Table 5-2 (Cont.) Derivative Contract Input- Main Tab - Field Description

| Field | Description |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Resettable Leg | <p>Specify the leg details as required. This identifies which leg of the swap is resettable. The options available are:</p> <ul style="list-style-type: none"> • None • Inleg • Outleg <div style="border: 1px solid #ccc; background-color: #fff9c4; padding: 10px; margin-top: 10px;"> <p> WARNING:</p> <p>For IRS, FRA and plain CCS derivatives type deals, this field should be blank if you select any of the legs as an option then the system throws an error: Resettable is allowed only for Mark to Market Resettable Cross Currency Swaps.</p> </div> |
| Trade Date | <p>The system defaults to the current date as the trade date. This is the date on which the deal is agreed with the counterparty. Once authorized, the Trade date cannot be amended.</p> <p>The system displays error messages under the following conditions:</p> <ul style="list-style-type: none"> • Trade date is greater than current system date • Trade date is holiday as per the deal currency • Trade date is blank • Trade date is later than the value date • Trade date is earlier than the product start date |
| Booking Date | <p>Displays the deal details entered date.</p> <p>This defaults to the system date (todays date). This date is for information purposes only. The accounting entries are passed as of the Value Date of the deal (initiation date of the deal).</p> |
| Value Date | <p>If you are entering the details of interest/cross-currency swap, indicate the date on which the swap takes effect. In the case of an FRA, the value date would typically be the date on which the deal settles.</p> <p>The accounting entries for the initiation of the deal will be passed as of the value date. The tenor of the deal will begin from this date and all calculations for interest and all the other components based on tenor will be made from this date onwards.</p> <p>The system defaults to todays date. It is possible to enter the Value Date of your choice here, and it can be any one of the following:</p> <ul style="list-style-type: none"> • Todays date • A date in the past • A date in the future <p>The Value Date must not be earlier than the Start Date or later than the End Date of the product involved in the deal. If the liquidation date for any of the deal components falls before todays date, the liquidation entries (as defined by you for the product) will be passed if you have specified the same for the product.</p> |
| Maturity Date | <p>While maintaining the details of a swap, indicate the date on which the swap matures. If you are maintaining details of an FRA, the maturity date would be the last date for the computation period.</p> |

Table 5-2 (Cont.) Derivative Contract Input- Main Tab - Field Description

| Field | Description |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Buy or Sell | Indicates the contract is a Buy type or Sell type of contract. |
| Indexation Type | Select the indexation type from the adjoining drop-down list. The list displays the following values: <ul style="list-style-type: none"> • Inflation Revenue • Zero Coupon • Year on year |
| In/Out Leg | As part of maintaining the In and Out leg details of the contract, indicate the currency, amount, rate code, rate source, the principal schedules and interest details for both the in as well as the out legs of the contract. |
| Currency and Amount | Indicate the currency in which interest amount should be calculated for both the inward as well as the outward legs of the contract. Select the currency code from the option list available. In addition, you are also required to indicate the principal amount (Actual/ Notional) for both the legs of the contract. The amount that you specify will be taken in the currency indicated for the particular leg of the contract. |
| Liquidate Past Schedules | Choose to liquidate past schedules of backdated contracts. If you specify that backdated schedules should be liquidated the system will liquidate these schedules irrespective of the availability of funds. For example, The derivative contract is initiated as of today, a date in the future, or as a date in the past. Today's date is October 15, 2000. Suppose you initiate a hedge swap today, of 15,000 USD with the Value Date (the date on which the swap comes into effect) as of September 15, 2000, the system will pass accounting entries for initiation as of September 15. But if there had been an interest payment schedule for September 30, 2000, for 500 USD, then if you specify that back valued schedules should be liquidated, you can make the system pass accounting entries to liquidate this schedule also when the loan is initiated. <div style="border-left: 2px solid #0070C0; padding-left: 10px; margin-top: 10px;"> <p> Note:</p> <p>The entries associated with each event (initiation and liquidation in this case) is passed only if it is defined for the product. Further, the accounts used will be the ones defined for each entry.</p> </div> |
| Broker | When processing a deal that involves brokerage, indicate the ID of the broker through whom the deal was brokered. The adjoining option list displays a list of valid brokers with whom you can enter deals. Select the appropriate one. It is allowed to enter details of a broker only if brokerage is allowed for the product to which the deal is associated. |
| Dealer | Select the name of the dealer involved in the transaction. |

Table 5-2 (Cont.) Derivative Contract Input- Main Tab - Field Description

| Field | Description |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exchange Rate | <p>While maintaining details of Cross Currency Swaps indicates the Exchange Rate for the exchange of principal. The indicated rate is used for determining the Out leg amount for the initial exchange in principal, given the In Leg amount.</p> <div style="border: 1px solid #0070C0; padding: 10px; background-color: #E6F2FF;"> <p> Note:</p> <p>The indicated exchange rate is validated against the exchange rate variance limits (Override Limit, Stop Limit) specified at the time of defining the product. If the exchange rate variance exceeds the Override Limit, the system displays an appropriate override message. If the rate variance exceeds the Stop Limit, then it is not allowed to save the contract until you change the rate.</p> </div> |
| Remarks | <p>Free-format information about the details of the contract is captured in this field. The specified remarks are not reflected in any of the advice sent to the customer.</p> <p>It is possible to capture the relevant information in the window that gets displayed. Once the necessary information is captured, click Ok.</p> |
| Default Details | <p>At the time of input of a contract in different currencies, after you have specified the currency and amount of the first leg and the currency of the second leg, you must click Default. The system displays the equivalent amount for the second leg in the currency specified for that leg.</p> <p>In case of contracts with both legs in the same currency, use the Default button, or manually input the amount and currency for both legs.</p> <div style="border: 1px solid #0070C0; padding: 10px; background-color: #E6F2FF;"> <p> Note:</p> <p>If the Principal and Interest details for a contract need to be specified, use the Default button irrespective of whether both legs of a contract are in the same currency or different currencies. The system displays an error if you try to access the Principal and Interest screens without having visited the Default button.</p> </div> |

Table 5-2 (Cont.) Derivative Contract Input- Main Tab - Field Description

| Field | Description |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rate Type | <p>The interest paid on both the legs of the contract can either be a fixed amount or an interest rate that changes periodically. For special cases, it is also allowed to maintain a flat amount.</p> <p>If you specify that the interest rate for either of the legs is fixed, then indicate the rate of interest for the particular leg of the contract. When the rate type is floating, indicate the rate code based on which the interest rate must be calculated. Similarly, when the rate type is special, indicate the flat amount that is to be used to calculate interest.</p> <p>When the rate type is 'Inflation', then the rate maintained for index value must be allowed to select in rate code.</p> |
| Rate Code | If the contract involves a product defined with floating interest, this is the Rate Code that links the contract to the Floating Rate table. As is the case with the Rate Type, so also the Rate Code linked to the product will be displayed in this field. You can choose to change it. |
| Rate Source | For all contracts with a floating interest rate leg, apart from specifying the Rate Code, it is required to indicate the Rate Source. The rate source indicated (such as Telerate, Reuters) is used to pick up the floating rate for the outward/inward leg of the contract. |
| Tenor Code | The tenor code refers to the tenor of the floating rate code and currency combination to be associated with this leg of the contract. Once Rate Code is selected, the code assigned to the tenor linked to the particular Rate Code is displayed in this field. Choose to change it by selecting another code from the list of the available options |
| Spread (on a floating interest rate) | <p>When the Rate Type of the particular leg of a contract is floating you can choose to specify a spread that is to be applied over the rate maintained in the Floating Rate screen.</p> <p>The Spread that you enter should be greater than or equal to the Minimum Spread and less than or equal to the Maximum Spread defined for the product that the contract involves.</p> <p>The entered Spread must be greater than or equal to the Minimum Spread and less than or equal to the Maximum Spread defined for the product that the contract involves.</p> <p>If the applied spread happens to be greater than the Maximum Spread, then the Maximum Spread will be applied to the rate. On the other hand, if it is less than the Minimum Spread defined for the product, the Minimum Spread will be picked up.</p> |
| Rate | If specified that the interest rate for this leg of the contract is Fixed, then enter the actual rate of interest. |
| Flat Amount | If indicated the Rate Type is Special for this leg of the contract then, specify the Flat Amount. |
| Initial Level | Specify the initial value of index that must be used for calculation. |

- On the **Derivative Contract Input** screen, select Detail tab.

The **Derivative Contract Input** screen with **Detail** tab is displayed.

Figure 5-2 Details tab

The screenshot shows the 'Contract Input' application window. At the top, there are 'New' and 'Enter Query' buttons. The main area is divided into several sections:

- Product:** Fields for Product, Product Description, Reject Reason, and Swap Reference.
- Reference Number:** Fields for Reference Number, User Reference, External Reference, Reversed Reference, and Deal Input Time.
- Version Number:** Fields for Version Number (with Previous and Next buttons), Source Code (set to FLEXCUBE), and Type Description.
- Main:** Fields for Assuming (checkbox), Customer, and Account Description.
- Detail:** Fields for Base Currency and Description.
- Additional:** (Empty section)
- Termination Details:** Fields for Inception Value, Amortize Inception Gain (checkbox), and Amortize Inception Loss (checkbox).
- Revaluation Details:** Fields for Revaluation Required (checkbox), Netting Required (checkbox), Revaluation Method, Rate Code, and Rate Source.

 At the bottom, there is a navigation bar with buttons for Event, Brokerage, Settlements, Advice, Charges, Cashflow, Tax, MIS, Fields, Holiday Preferences, Split, Reporting Details, Audit, and Exit.

- On the **Details** tab, specify the fields and click **Exit**.

For more information on fields, refer to the below table.

To process the contract, once the essential details of the derivative contract are entered, it is mandatory to enter the additional details that are required. Click on the tab that corresponds to Detail.

Table 5-3 Details tab - Field Description

| Field | Description |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Assuming | If the contract you are processing is assumed from another counterparty, you are required to indicate so before you begin to specify the other details. Uncheck the box if you are processing a fresh contract. Currently this functionality not supported. But the check box is available on the screen. The functionality will be supported in a future release. |
| Customer | If the counterparty from whom you are assuming the contract is a customer of your bank, indicate the name of the customer. When the counterparty is not in any way connected to your bank, it is not necessary to specify the name. |
| Base Currency | Since you can maintain different currencies for both the in and out legs of the contract, you have to identify one single currency as the Base Currency of the contract. The specified base currency is used to compute the contract fair value to be used for revaluation purposes. |

Table 5-3 (Cont.) Details tab - Field Description

| Field | Description |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Revision Schedules</p> | <p>Revaluation is typically applicable to trade deals. The revaluation preferences that you made at the product level will default to the contract. You may change these preferences while processing the contracts.</p> <p>If indeed revaluation is required for the contract being processed, it is done, according to the chosen revaluation method.</p> <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>Each of the revaluation methods is thoroughly explained in the chapter Defining the Fair Price revaluation methods.</p> </div> |
| <p>Netting Required</p> | <p>This field indicates whether contracts with positive and negative MTM values are netted, for computing credit limit utilization. Once the MA Code is specified, the other details linked to the code, such as Limits Tracking Required, Netting required, and so on being defaulted to the contract.</p> <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>At the MA level, if indicated that Netting is required, and while entering the details of the contract, decided that netting is not required, for that particular contract, it will be allowed to Uncheck this box.</p> </div> <p>However, at the MA level, if you have specified that netting is not required, then you will not be allowed to change this default at the time of entering the contract details.</p> <p>Similarly, how revaluation entries must be passed, whether at the leg level or the contract level, will also default from the Product Preference screen.</p> <p>At the product level, if you have specified that revaluation netting is not required, then you will not be allowed to change this at the contract level. However, at the product level, if you have indicated that revaluation netting is required, then you can change this to Not Required at the contract level.</p> |
| <p>Rate Code</p> | <p>If you indicate that the revaluation must be based either on the Contract Specific Rate, or the Branch Specific Rate, then you have to indicate the Rate Code, which should be used for the same purpose.</p> |
| <p>Rate Source</p> | <p>This is the Rate Source to which the Rate Code belongs. Select from the adjoining option list, and indicate the Rate Source to which the Rate Code is to be linked.</p> |

Table 5-3 (Cont.) Details tab - Field Description

| Field | Description |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inception Value | <p>The inception value refers to the value of the contract at inception. This is applicable only in the trade deals. Either you can choose to amortize the gain/loss at inception, or you can choose to ignore the same.</p> <div style="border: 1px solid #0070C0; padding: 10px; margin-top: 10px;"> <p> Note:</p> <p>Your preference at the product level regarding the amortization of inception gain and/or loss will be made applicable to the contract as well. However, if you do not want to allow amortization for inception gain/loss for this particular contract, you will be allowed to do so.</p> </div> |

- On the **Derivative Contract Input** screen, click **Additional**.
The **Derivative Contract Input- Additional** is displayed.

Figure 5-3 Additional

The screenshot shows the Oracle Contract Input screen with the 'Additional' tab selected. The interface includes several sections:

- Product Information:** Fields for Product, Product Description, Reject Reason, and Swaption Reference.
- Reference Information:** Fields for Reference Number, User Reference, External Reference, Reversed Reference, and Deal Input Time.
- Version Information:** Fields for Version Number, Source Code (FLEXCUBE), Type, and Type Description.
- Limits Section:** Includes checkboxes for 'Governed By Master Agreement', 'Limits Tracking Required', and 'Netting Required'. It also has fields for 'Fair Value Limits Tracking', 'Fair Value Line Code', 'Liability No', and 'Calculation Agent'. On the right, there are fields for 'Current Value', 'Interest Exposure', and 'FX Exposure'.
- Notional & Risk Weighted Limits Section:** Includes checkboxes for 'Notional Limit Tracking' and 'Risk Weighted Limit Tracking', along with fields for 'Risk Percent', 'Notional Line Code', 'Risk Weighted Line Code', 'Risk Weighted Amount', and 'Liability No'.
- Amendment Fee Details Section:** Includes fields for 'Amendment Fee amount', 'Fee Currency', 'Amendment Fee Indicator' (Pay/Receive), and 'Fee Settlement Date'.
- Navigation:** A bottom bar contains buttons for Event, Brokerage, Settlements, Advice, Charges, Cashflow, Tax, MIS, Fields, Holiday Preferences, Split, Reporting Details, Audit, and Exit.

- On the **Additional Details** tab, specify the fields, and click **Exit**.
For more information about fields, refer to the table.

Table 5-4 Additional Details Tab - Field Description

| Field | Description |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Governed By Master Agreement | Check this box to indicate that the contract for which you are capturing details comes under the purview of a master agreement that exists between your bank and the counter-party. |
| MA Code | <p>If you have specified that, the contract is governed by a master agreement, then indicate the code assigned to the Master Agreement in the Master Agreement Maintenance screen.</p> <p>Once the MA Code is chosen, the other details linked to the MA code, such as Limits Tracking Required, Netting required, and so on will default to the contract.</p> <p>Once the MA Code is chosen, the other details linked to the MA code, such as Limits Tracking Required, Netting required, and so on will default to the contract.</p> <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>If you input the MA Code, click the MA Details button. The system displays the related details for the MA code specified.</p> </div> |
| Limits Tracking Required | <p>At the MA level, if you have indicated that limit tracking is required, and while entering the details of the contract, you decide that tracking is not required, then you will be allowed to un check this box.</p> <p>However, at the MA level, if you have specified that limit tracking is not required, then you will not be allowed to change this default at the time of entering the contract details.</p> |
| Fair Value Limits Tracking | Check this option for fair value limit tracking is required. |
| Fair Value Line Code | <p>This field is the Line Code for the Fair Value Limits tracking and will be defaulted from the master agreement maintenance once the master agreement is chosen.</p> <p>If the Fair Value Limits Tracking option is checked, the field is mandatory.</p> |
| Liability No | Displays the liability number linked to fair value line code. |
| Current Value | <p>The Current Value represents the current Mark-to-Market value of the contract. This value changes when the contract is revalued.</p> <p>When entering a contract, specify the inception value in this field. This is taken as the current value of the contract.</p> |
| Interest and FX Exposure | <p>When entering a contract, specify the inception value in this field. This is taken as the current value of the contract.</p> <ul style="list-style-type: none"> • Interest Exposure - Exposure to fluctuation in interest rates. • FX Exposure - Exposure to fluctuations in exchange rates only when the foreign currency is involved. <p>Specify the interest and FX Exposure amounts.</p> |
| Netting Required | Indicate whether contracts with positive and negative MTM values can be netted for computing credit limit utilization. |
| Amendment Fee Amount | Specify the Amendment fee amount as required. |
| Fee Currency | Specify the Fee Currency details as required. |

Table 5-4 (Cont.) Additional Details Tab - Field Description

| Field | Description |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amendment Fee Indicator | Select the fee indicator as required. The options are: <ul style="list-style-type: none"><li data-bbox="740 338 829 365">• Pay<li data-bbox="740 369 878 396">• Receive |
| Fee Settlement Date | Specify the Fee settlement details as required. |

Table 5-4 (Cont.) Additional Details Tab - Field Description

| Field | Description |
|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Notional & Risk Weighted Limits</p> | <p>Specify whether Limit Tracking is required for a particular contract. The fields Fair Value Limit Tracking, Notional Limits Tracking and Risk Weighted Limits Tracking is enabled only if the Limit Tracking option is enabled. If the contract is governed by a Master agreement, then if any of the three fields (Fair Value Limit Tracking, Notional Limits Tracking, and Risk Weighted Limits Tracking) are checked in the Master Agreement for the limit tracking.</p> <p>The required option is checked at the contract level.</p> <p>The fields Notional Limits Tracking, Notional Line Code, Risk-Weighted Limits Tracking and Risk Weighted Line Code default from the Master agreement maintenance, if the contract comes under the preview of a Master Agreement. The Notional Line Code and Risk Weighted Line Code are mandatory if the Notional Limits Tracking and Risk Weighted Limits Tracking options are enabled, respectively.</p> <p>For the line code, all valid lines for the counterparty and the product is displayed in the option list.</p> <p>On saving the contract, all the three lines selected are validated for any restrictions based on product and currency. System also ensures that all line codes selected are distinct from each other.</p> <p>Risk percentage and Risk weighted amount are calculated and shown on the screen as soon as the Risk-Weighted Limits Tracking option is selected. These fields are re-calculated if the value date or the maturity date is amended.</p> <p>Risk-Weighted Amount is calculated as follows:</p> <ul style="list-style-type: none"> • Risk percent is computed by comparing the tenor (Maturity date – Value date) of the contract with the tenor slabs in risk percent maintenance. The risk category used for comparison will be the risk category, defined in customer maintenance for the counterparty of the derivatives and options contract. The product used for comparison will be the product for the contract. If there is no risk maintenance for the particular category and product, the product is replaced by ALL, and risk percent for contract tenor, customer category and product ALL will be arrived at. The module used to find out the risk percent will be 'DV for derivatives. • Various combinations possible for find out risk percentage in order of preference are: <ul style="list-style-type: none"> – DV + Customer Category + Product – DV + Customer Category + ALL • An error message displays if Risk-Weighted Limit Tracking is checked, and risk percentage cannot be arrived at. • Risk percent once arrived is stored, and the contract level is used to compute the risk-weighted amount for limit tracking. Any future amendment of risk percentage, in risk percentage maintenance does not affect the risk-weighted amount of the contract and it will remain the same throughout the life cycle of the contract. • Limits Utilization for the Notional Amount and the Risk-Weighted amount will be done against the in leg currency for FRA, IRS, and CCS. |

11. On Derivative Contract Input screen, click Termination Details.

The Derivative Contract Input screen with Termination Details is displayed.

Figure 5-4 Termination Details of Derivative Contract Input

12. On **Termination Details**, specify the fields and click **Exit**.

For more information about the fields, please refer to the below table..

Table 5-5 Termination Details of Derivative contract Input- Field Description

| Field | Description |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Termination Type | <p>When you are terminating a particular contract, indicate whether it is a normal termination or whether the contract is going to be assigned to another counterparty. In the latter case, indicate the counterparty to which the contract is to be assigned.</p> <div style="border: 1px solid #0070C0; padding: 5px; background-color: #E6F2FF;"> <p> Note: This is not applicable when entering a new contract.</p> </div> |
| Counterparty | <p>If the contract is to be assigned to another counterparty, indicate the ID of the counterparty to whom the contract is to be assigned.</p> |
| Termination Value and Currency | <p>If there is any gain or loss due to termination, indicate the gain or loss in value by specifying a positive or negative amount and the currency in which the termination gain or loss must be settled.</p> <p>Either choose to amortize the termination gain/loss, or choose to ignore the same.</p> |

Table 5-5 (Cont.) Termination Details of Derivative contract Input- Field Description

| Field | Description |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Termination Date</p> | <p>Specify the Termination Date. Termination can either be back-valued, current dated, or future-valued. The specified date must adhere to the following conditions:</p> <ul style="list-style-type: none"> • For FRA contracts, the termination date must be between the Booking Date (inclusive), and the Value Date (exclusive). For IRS/CCS contracts, the termination date is anywhere between the Booking Date (inclusive), and Maturity Date (exclusive). Any deviation from these conditions will result in an error message. • If back-dated termination for an IRS/CCS contract is specified, ensure that the termination date is not greater than the most recent schedule settlement date that is executed. • The termination date defaults as the System date. You can modify this date. Make sure not to leave this field blank. • When you save the contract after specifying the Termination Date, the DTRB event is triggered. No accounting entries are passed for this event. The contract status remains active, after DTRB and a new version is created. • For FRA contracts, if Settlement Message generation (SGEN) for liquidation is triggered before Termination Booking (DTRB), an override displays while saving the contract after entering the Termination Date. • If the DTRB event has been triggered for a contract, you cannot terminate the contact again. • For a back-valued termination or termination on the application date, the Termination event (DTER) is triggered along with the event DTRB when you save the contract. The SGEN for Termination is fired on the authorization. • For future-dated termination, the termination event (DTER) is triggered during EOD/ BOD on the respective date. <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>Your specification in the Product Preferences screen, about the amortization of termination gain/loss, is defaulted on to the contract. At the product level, if you have set this preference, No then it is not allowed to change this to Yes, at the contract level. However, if you have set the preference as Yes, then you can change this to No at the contract level.</p> </div> |

13. On **Derivative Contract Input** screen, select the **Cash Flow** tab.

The **Derivative Contract Input** screen with **Cash Flow** Details tab is displayed.

Figure 5-5 Cash Flow of Derivative Contract Input

14. On **Cashflow Details**, you can capture the cash flow break up for the components. Specify the fields and click Exit.

Table 5-6 Cashflow Details Tab- Field Description

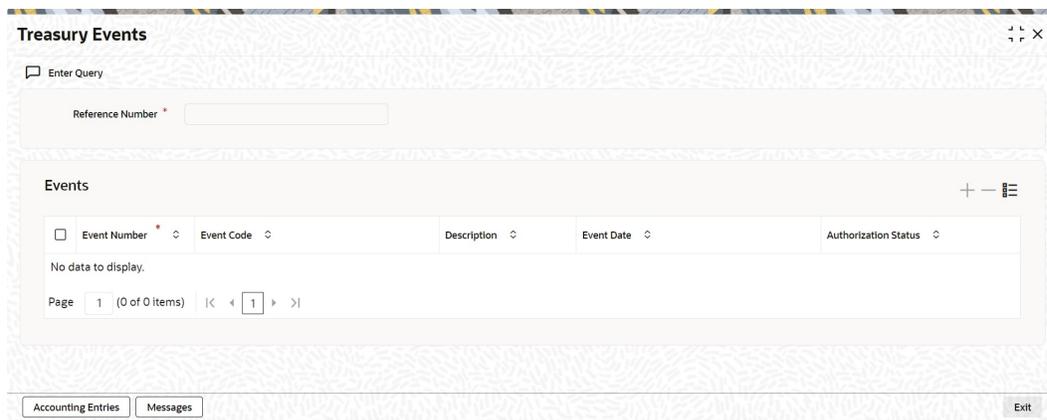
| Field | Description |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contract Reference Number | The system displays the contract reference number. |
| Cashflow Summary | The system displays the following details: <ul style="list-style-type: none"> • Due Date • Pay Receive • Currency • Total Amount Due • Total Amount Settled |
| Cashflow Details | The system displays the following details: <ul style="list-style-type: none"> • Component • Pay Receive • Amount Due • Amount Settled |

Table 5-6 (Cont.) Cashflow Details Tab- Field Description

| Field | Description |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Interest Rate Details | The system displays the following details: <ul style="list-style-type: none"> • Component • Calculation Date • Rate Type • Rate Code • Principal Basis • Base Rate • Base Index Rate • Spread/Margin • Spread Adjustment • No of days • Compound Interest • Simple Interest • Total Interest • Cumulative Interest • Rate Pickup date |
| Amount Settled | The system displays the following details: <ul style="list-style-type: none"> • Component • Input Date • Value Date • Amount Settled • LCY Equivalent Settled |

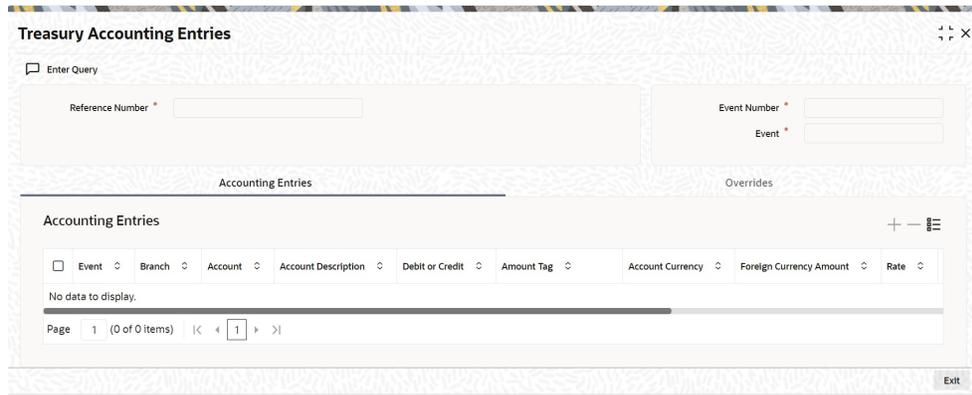
15. On **Contract Input Details** screen, click **Event**.
The **Event** screen is displayed.

Figure 5-6 Event- Contract Input Details



16. On **Event** screen, specify the fields, and click **Exit**.
The details of events that have already taken place for the transaction log is displayed, along with the date on which the event took place.
17. Click the **Accounting Entries** to view the View the accounting entries details for a specific event.
The **Treasury Accounting Entries** screen is displayed.

Figure 5-7 Treasury Accounting Entries



18. On Contract Input screen, click Brokerage.

When capturing the details of a contract that involves brokerage, specify the brokerage details applicable to the contract. To recall, you have already specified the name of the broker, through whom the contract was brokered, in the Derivatives Contract Input screen. The details specified for the broker, including the brokerage rule linked to the broker defaults. However, you can change some details, like - whether brokerage must be booked in advance, in arrears, or whether it must be waived altogether.

Click **Brokerage** to define the brokerage details, that are applicable to the processed contracted log. It is allowed to enter details of a broker, only if brokerage was allowed for the product to which the contract is associated. The code assigned to the broker, through whom the deal was brokered displays along with the broker name.

Table 5-7 Brokerage - Field Description

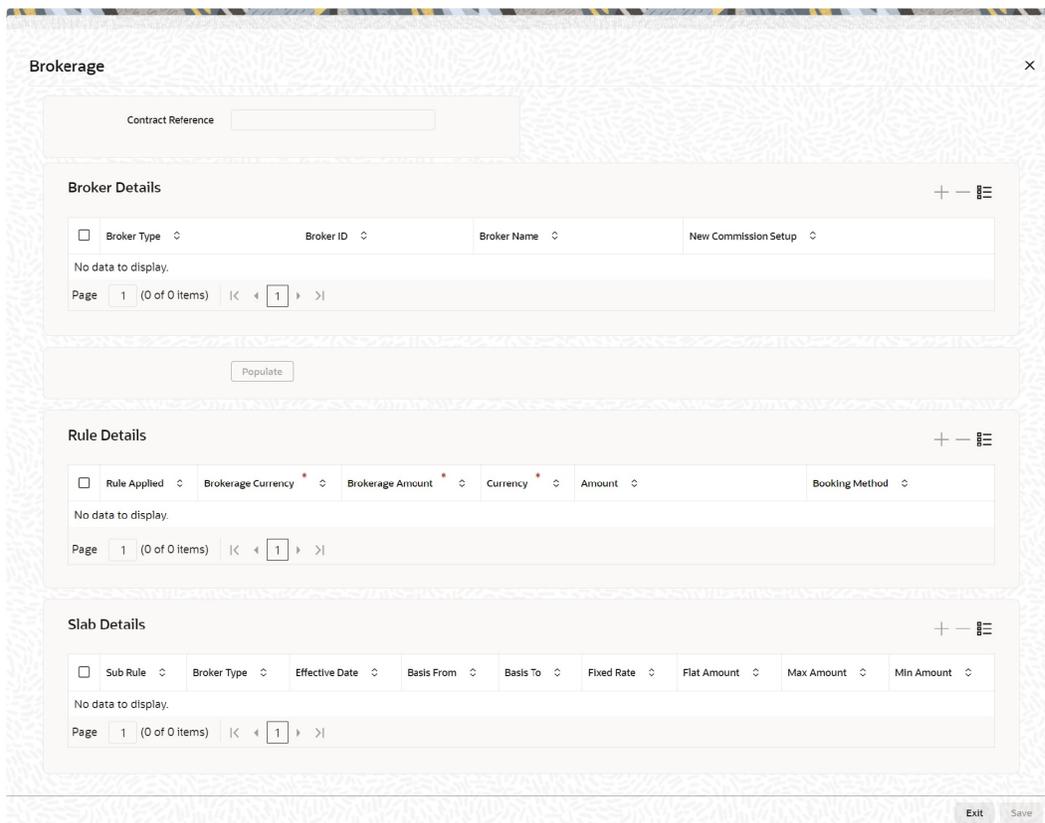
| Field | Description |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Currency | If the brokerage payable currency is the same as the brokerage paid currency, then the same amounts (brokerage paid and brokerage payable) are displayed against the currencies. You have the option to change these currencies. |
| Amount | While you cannot input the brokerage payable amount, the brokerage paid amount can be changed. The following brokerage details are displayed: <ul style="list-style-type: none"> The brokerage liquidation status. If it has been liquidated, the liquidation preference number is displayed. The rule code and description that has been linked to the broker. |
| Booking | Indicates preferences as to when the brokerage applicable to the contract must be linked. The options available are: <ul style="list-style-type: none"> No Booking Advance Arrears |

Table 5-7 (Cont.) Brokerage - Field Description

| Field | Description |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Consider for Discount | <p>Check this option if the brokerage charges are considered for a discount.</p> <p>The preference specified for the broker will be displayed. It is possible to change it on this screen, say, from advance to arrears or vice-versa.</p> <p>The third option is waiving brokerage. If you opt for no booking, no accounting entries are passed for a brokerage for this deal.</p> <div style="border: 1px solid #0070C0; padding: 10px; margin-top: 10px;"> <p> Note:</p> <p>If the Contract Brokerage Details screen is processed, for operations like delete, change, authorize, liquidate, and detailed view, this screen displays brokerage details. You can change brokerage details for a deal, only if you have clicked the Modify option from the Actions Menu.</p> </div> |

The **Brokerage** screen is displayed.

Figure 5-8 Brokerage



19. On Derivatives Contract Input screen, click Settlements.

To successfully capture the details of a contract, capture the following details:

- The accounts to be debited for charges if there are any.
- The accounts to be debited for the interest that the contract involves.
- The method in which the contract is to be settled - whether it is an instrument or a Message (as in a SWIFT or TELEX message).
- Details about the route through which the money settlement must take place.

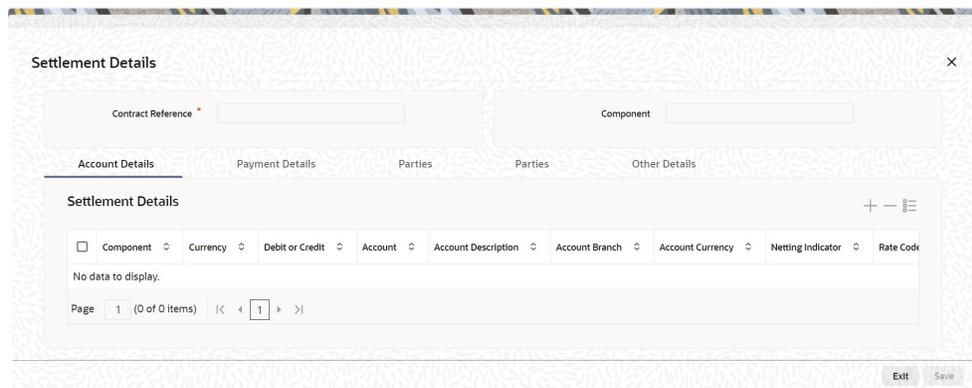
The information that is related to the settlement method and route applicable for a transfer is referred to as Settlement Instructions.

The Settlement Instructions are captured through four different screens. Click Settlements in the Contract Input Details screen, to process the Settlement Instructions screen. Through the four screens, capture the following information:

- Account details (about the accounts details involved in the contract that is either debited or credited in your branch).
- Message details
- Party details (about the various parties details involved in the contract)

The **Settlement Details** page is displayed.

Figure 5-9 Settlement Details



20. On Settlement Details, click Account Details.

For the various components involved in a transaction like charges etc. specify the account details on this screen. These details include the component, the currency in which it is paid, the payment account and its currency, the branch of your bank, to which the account belongs, the exchange rate (in the case of the component currency being different from the account currency).

Depending on the component, the system will also display whether the account involved in an entry has to be debited or credited:

- P indicates your credit (Pay to) the account involved.
- R indicates you debit (Receive from) the account involved.

The **Account Details** screen is displayed.

21. On Settlement Details, click Message Details.

A transaction is settled in either the form of an instrument, (a Demand Draft, a Manager Check or a Check) or a Message (a S.W.I.F.T, TELEX, or Mail message is sent to the receiver). The details regarding the instrument or message is specified in the Message Details screen.

The message details that you specify here are applicable only for S.W.I.F.T. The type of S.W.I.F.T. message that is generated depends on the parties involved in the contract. Depending on the method in which you want to settle the transaction, you should input either Instrument or Message details.

22. On Message Details, specify the fields.

For more information on fields, refer to the below table.

Table 5-8 Message Detail - Field Description table

| Field | Description |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Specifying Instrument Details | For a transaction that is being settled through an instrument, specify the type of instrument being used. It could be Managers Check, Check, or a Demand Draft. Specify the number that will identify the instrument. This number will be printed on the instrument. If the settlement is through an instrument, you cannot specify party details for the transaction. |
| Specifying Message Details | For a SWIFT message, you have to specify: <ul style="list-style-type: none"> • Whether a Cover has to be sent to the Reimbursement Bank, along with the payment message to the receiver. • Bank to bank payment details, (these can be in the form of instructions or additional information to any of the parties involved in the transaction). • Information from the sender to the receiver. |

23. On the Settlement Details, click Party Details.

To effect a transaction, you may have to pass on funds through a series of banks before it reaches the ultimate beneficiary. Through the two Parties screens you can capture details of all the parties that will be involved in settlement of the transaction. These screens contain fields that explore the possible routes in which the transaction components can be transferred.

24. On Party Details page, specify the details, and click Ok.

Table 5-9 Party Details - Field Description

| Field | Description |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Intermediary Reimbursement Institution | An Intermediary Reimbursement Institution is the financial institution between the Senders Correspondent and the Receivers Correspondent, through which the reimbursement of the transaction will take place. |
| Intermediary | <p>The Intermediary in a transaction refers to the financial institution, between the Receiver and the Account With Institution, through which the transaction component must pass.</p> <p>The Intermediary may be a branch or affiliate of the Receiver or the account with an Institution, or an entirely different financial institution. This field corresponds to field 56a of S.W.I.F.T.</p> <p>Here you can enter either the:</p> <ul style="list-style-type: none"> • ISO Bank Identifier Code of the bank or the • Name and address of the Bank. |
| Receivers Correspondent | <p>The Receivers Correspondent is the branch of the Receiver or another financial institution at which the funds will be made available to the Receiver. This field corresponds to field 54a of S.W.I.F.T. Enter one of the following:</p> <ul style="list-style-type: none"> • ISO Bank Identifier Code of the bank • The branch of the Receivers Correspondent • Name and address of the Receivers Correspondent |
| Account With Institution | <p>An Account With Institution refers to the financial institution, at which the ordering party requests the Beneficiary to be paid. The Account With Institution may be a branch or affiliate of the Receiver, or the Intermediary, or of the Beneficiary Institution, or an entirely different financial institution.</p> <p>This field corresponds to field 57a of S.W.I.F.T. You can enter one of the following:</p> <ul style="list-style-type: none"> • ISO Bank Identifier Code of the bank • The branch of the Receivers Correspondent • Name and address of the Receivers Correspondent • Other identification codes (for example, account number) |
| Ordering Institution | <p>The Ordering Institution is the financial institution, which is acting on behalf of itself, or a customer, to initiate the transaction. This field corresponds to the 52a of S.W.I.F.T.</p> <p>In this field you can enter one of the following:</p> <ul style="list-style-type: none"> • The ISO Bank Identifier Code of the Ordering Institution. • The branch or city of the Ordering Institution. • The Name and address of the Bank. |
| Ordering Customer | <p>The Ordering Customer refers to the ordering customer of the transaction. Here you can enter the name and address or the account number of the Customer, ordering the transaction. This field corresponds to field 50 of S.W.I.F.T. You will be allowed to enter details in this field only if you have initiated a customer transfer (MT 100 and MT 202).</p> |

Table 5-9 (Cont.) Party Details - Field Description

| Field | Description |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Beneficiary Institution | <p>Here, you can enter details of the institution in favor of which the payment is made. It is, in reality, the bank that services the account of the Ultimate Beneficiary. This field corresponds to field 58a of S.W.I.F.T.</p> <p>You are allowed to make entries into this field only for Bank Transfers (when the remitter and beneficiary of the transfer are financial institutions - MT 100 or MT 202). Here you enter either:</p> <ul style="list-style-type: none"> • The ISO Bank Identifier Code of the Beneficiary Institution or • The Name and Address of the Beneficiary Institution. |
| Ultimate Beneficiary | <p>The Ultimate Beneficiary refers to the Customer to whom the transaction amount is to be paid. This field refers to field 59 of S.W.I.F.T. You can make entries into this field only for a customer transfer (MT 100 and MT 202).</p> <p>The number of banks involved in the transfer would depend on the:</p> <ul style="list-style-type: none"> • Relationships and arrangements between the sending and receiving banks • Customer instructions • Location of parties • The banking regulations of a country <p>Refer to the Settlements User Manual of Oracle Banking Treasury for more details.</p> |

25. On **Contract Input** screen, click **Advice**.

The **Advice** screen is displayed.

Figure 5-10 Advice

26. On **Advice** screen, specify the fields, and click **Ok**.

To recall, the advice that is generated for the events that occur during the life-cycle of a contract is defined for the product to which the contract is associated and is generated after the authorization of the product.

The details of the advice applicable for an event are displayed in the Advices screen. For more information about the fields refer to the below table.

Table 5-10 Advice Screen - Field Description

| Field | Description |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Party Type | <p>The party type to whom specific advice should be sent is picked up automatically based on the type of contract you are entering and the parties specified in the contract. You can change either of them.</p> <p>The address of the party who is the recipient of the message will be picked up by default, based on the media and address maintenance for the party.</p> <p>For a payment message by SWIFT, you also have the option to change the priority of the message.</p> |
| Receiver ID | Specify the Customer to whom the Advice is being dispatched. |
| Suppress | By default, all the advice defined for a product will be generated for contracts involving it. If any of the advice does not apply to the contract you are processing, you can suppress its generation. |
| Priority | <p>For a payment message by SWIFT, you also have the option to change the priority with which the message should be generated. By default, the priority of all advice is marked as Normal.</p> <p>You have the option to prioritize a payment message to one of the following options:</p> <ul style="list-style-type: none"> • Normal • Medium • High |
| Medium | The medium through which advice is transmitted and the corresponding address will be picked up based on the address and media maintained for the customer who is the recipient of the message. You can, however, change either of these while processing the contract. Typically, if changed, both of them will be changed. |

27. On the **Contract Input** screen, click **Interest**.

The **Derivative Contract Interest Details** screen is displayed.

Figure 5-11 Derivative Contract Interest Details

The screenshot displays the 'Derivatives Contract Interest Details' screen with the following sections and fields:

- Contract Reference:** Input field.
- Leg Type:** Input field.
- Component:** Input field.
- Navigation:** '1 Of 1' with left and right arrows.
- Tabs:** 'Main' (selected), 'Schedule', 'Revision'.
- Accrual Details:**
 - Accrual Required:
 - Numerator Method: Input field
 - Denominator Method: Input field
 - Denominator Basis: Input field
 - Include To Date:
- Liquidation Details:**
 - Auto Settlement:
 - Numerator Method: Input field (value: Actual)
 - Denominator Method: Input field (value: Actual)
 - Denominator Basis: Input field
 - Include To Date:
- Payment Details:**
 - Rate Denominator Basis: Input field
 - Payment Method: Input field
 - Discount Rate Basis: Input field
 - Discount Rate: Input field
 - Discount Rate Source: Input field with search icon
 - Discount Rate Code: Input field with search icon
 - Discount Auto Pickup:
 - Discount Tenor Code: Input field with search icon
 - Discount Rate Spread: Input field with search icon
 - Floating Component: Input field with search icon
- Interest Rate Details:**
 - Rate Type: Input field
 - Interest Rate: Input field
 - Main Component:
 - Rate Code: Input field with search icon
 - Rate Source: Input field with search icon
 - Waived:
 - Interpolation Method: Input field (value: Not Applicable)
 - Rounding Rule: Input field
 - Rounding Units: Input field
 - Alternative Risk-Free Rate:
 - External Pricing:
 - Tenor Code: Input field with search icon
 - Interest Spread: Input field
 - Flat Amount: Input field
 - Negative Interest Allowed:
 - Negative Class Code: Input field
 - Net Negative Interest:
- Rate Revision Preferences:**
 - Lookback:
 - Lockout:
 - Last Reset:
 - Last Recent:
 - Plain:
 - Rate Compounding:
 - Index Value:
 - Observation Shift:
 - Weighted Average:
 - Lookback Months: Input field
 - Lookback Days: Input field
 - Lockout Days: Input field
 - Spread Adjustment: Input field
- Compounding Preferences:**
 - Computation Calendar: Input field (value: Currency)
 - Financial Center: Input field with search icon
 - Base Computation Method: Input field
 - Spread/Margin Computation Method: Input field
 - Spread Adj Computation Method: Input field
 - Rate Compounding Method: Input field
 - RFR Rounding Unit: Input field
 - Frequency: Input field (value: Daily)
 - Frequency Unit: Input field
 - Compound on Holidays:
- Payment Reference:**
 - Payment Movement:
 - Interest Rollover:
 - Payment Movement Days: Input field
 - Payment Date Movement: Input field (value: Lead)
 - Payment Movement Calendar: Input field (value: Calendar)
- External Pricing:**
 - Component: Input field
 - Rate: Input field
 - Interest Spread: Input field
 - No data to display.
 - Page: 1 (0 of 0 items) with navigation arrows.
- Buttons:** 'View Interest', 'View Revision', 'Exit', 'Save'.

28. On **Derivative Contract Interest Details** screen, specify the fields. For more information on fields, refer to the table.

Just as you maintain principal schedule details for the in and out legs of the contract so also you are required to indicate the interest schedule, interest revision schedule, and accrual related details for every contract that you process.

As a result of linking a product to a contract, all the product-specific preferences defined at the product level will be inherited by the contract. These preferences include the interest accrual preferences, liquidation preferences, and the schedules for the various interest and revision interest components.

 **Note:**

Except for the interest accrual frequency, which you have defined at the product level, you are allowed to modify all the other preferences (accrual as well as liquidation) to suit the contract you are processing.

Table 5-11 Main Tab - Field Description

| Field | Description |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Accrual Required | <p>You can choose not to accrue interest for a particular contract although you have indicated this preference at the product level. The accrual function when running as part of the batch process run at EOD calculates the accrual amount and passes accrual accounting entries for the accruable interest components of a derivative contract. The function will pick up derivative contracts for processing on the following criterion:</p> <p>For instance, when you are processing a trade deal, interest accrual details are not required, since trade deals are always revalued. In the Interest Details screen, indicate that interest accrual is not required for the specific contract by disabling the option.</p> <p>However if indeed interest accrual is required for the contract you are processing and you merely want to change the accrual related details such as the interest calculation method, the basis on which interest is to be calculated for the accrual period, you are allowed to do so.</p> <ul style="list-style-type: none"> • Active and authorized contracts which are yet to be liquidated. • Contracts whose accrual date falls on the current processing date or contracts whose accrual date falls between the current processing date and the next working date. <p>The date on which accrual is due for a contract is calculated based on the accrual date and accrual frequency defined for the product associated with the contract. If the accrual date of a bill falls on a holiday, the accruals are done as per your holiday handling specifications for automatic processes.</p> |

Table 5-11 (Cont.) Main Tab - Field Description

| Field | Description |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Numerator Method | Select the Interest method that should be applied for accrual for both in and out leg from the adjoining drop down list. The list displays the following values: <ul style="list-style-type: none"> • 1 • ACT-ISMA • 30-Euro • 30-US • Actual • 30-ISDA • 30-PSA • Actual-Japanese |
| Denominator Method | Select the Interest method that must be applied for accrual for both in and out leg from the adjoining drop-down list. The list displays the following values: <ul style="list-style-type: none"> • 360 • 365 • Actual • 1 • ACT-ICMA |
| Denominator Basis | You need to indicate the basis on which the denominator has to be computed. The options available are: <ul style="list-style-type: none"> • Per annum • Per period |
| Auto Settlement | When setting up a product, specify whether the mode of liquidation must be automatic or manual for the different components of contracts linked to that product. In this case, only automatic settlement is supported. |
| Include To Date | While calculating interest for the accrual period, indicate whether you would like to take into account the last day in an accrual period, for arriving at the accrual days both for the in and out legs of the contract. Similarly, indicate whether the last day in a liquidation period must be considered for liquidation. Refer the Chapter Defining Attributes specific to Derivative Products for details on Numerator and Denominator Methods |
| Liquidation Method | Specify the following details. |
| Numerator Method | Select the Interest method that should be applied for liquidation for both in and out leg from the adjoining drop down list. The list displays the following values: <ul style="list-style-type: none"> • 1 • ACT-ISMA • 30-Euro • 30-US • Actual • 30-ISDA • 30-PSA • Actual-Japanese |

Table 5-11 (Cont.) Main Tab - Field Description

| Field | Description |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Denominator Method | <p>Select the Interest method that should be applied for liquidation for both in and out leg from the adjoining drop down list. The list displays the following values:</p> <ul style="list-style-type: none"> • 360 • 365 • Actual • 1 • ACT-ICMA |
| Payment Details | Specify the following details. |
| Rate Denominator Basis | <p>Indicate the basis on which rate denominator has to be computed. The available options are:</p> <ul style="list-style-type: none"> • Per annum • Per period <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>If you are specifying in leg details, then indicate the in leg rate denominator basis. While defining out leg details, indicate the out leg rate denominator basis.</p> </div> |
| Payment Method | <p>Indicates the method in which interest components for both the in as well as the out legs of the contract should be paid. Specify one of the following:</p> <ul style="list-style-type: none"> • Arrears - interest is liquidated at the end of each interest period. • Advance - interest is paid at the start of each interest period. |
| Discount Rate Basis | <p>When you decide to pay interest in Advance, indicate the basis on which the interest rate should be picked up to compute the discounted amount. Select any one of the following options:</p> <ul style="list-style-type: none"> • Direct Input • Contract Floating Component • Other Floating Component <p>If you select the first option, then you have to manually enter the rate at which interest is to be discounted. When the discount rate basis is the Floating Component, specify the Floating Component based on which interest is to be discounted. If your choice to discount the rate basis is the Other Floating Component, indicate the rate source linked to the rate, the tenor associated with the rate, as well as the spread that is to be applied, over the rate maintained in the Floating Rates screen. Based on these parameters, the discount rate is calculated.</p> <p>Specify the rate at which interest is to be discounted if the discount rate basis is Direct Input.</p> |
| Discount Rate | Specify the rate at which interest is to be discounted if the discount rate basis is Direct Input. |

Table 5-11 (Cont.) Main Tab - Field Description

| Field | Description |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Floating Component | Indicate the Floating Component based on which interest is to be discounted if indicated that the discount rate basis is Contract Floating Component. |
| Discount Auto Pickup | Check this box to indicate whether the discount rate must be automatically picked up by the system from the Floating Rates screen, depending on the other parameters you have specified, such as the discount rate source, rate code, tenor code, and the rate spread. |
| Discount Rate Source | If your choice for the discount rate basis is the Other Floating Component, indicate the Rate Source linked to the Rate Code based on which the discount rate is to be calculated. |
| Discount Rate Code | Specify the discount rate code. Select the rate code from the adjoining option list. The list displays all the valid codes maintained in the system. |
| Discount Tenor Code | If your choice for the discount rate basis is the Other Floating Component, then indicate the tenor code associated with the rate Code based on which the discount rate is to be calculated. |
| Discount Rate Spread | <p>For the floating component, specify the Spread to apply over the rate maintained in the Floating Rates screen.</p> <div style="border: 1px solid #0070C0; padding: 10px; margin: 10px 0;"> <p> Note:</p> <p>The applied Spread must always be greater than or equal to the Minimum Spread, and less than or equal to the Maximum Spread defined for the product involved in the contract. If the spread happens to be greater than the Maximum Spread, then the Maximum Spread will be applied to the rate. On the other hand, if it is less than the Minimum Spread defined for the product, the Minimum Spread will be picked up.</p> </div> <p>For a floating rate, the spread will be applied over the market rate applicable for the day.</p> |
| Interest Rate Details: | Specify the following details. |
| Rate Type | <p>The interest rate type paid on derivative settlements can be any one of the following types:</p> <ul style="list-style-type: none"> • Inflation • Fixed • Floating • Special |
| Interest Rate | When you maintain a fixed interest rate for a particular component of the interest leg of a contract, specify the rate. |
| Flat Amount | When the interest rate is special you have to indicate the Flat Amount. Moreover, if the derivative you are processing happens to be a commodity type of derivative instrument, indicate whether the flat amount specified is per unit of the derivative. |

Table 5-11 (Cont.) Main Tab - Field Description

| Field | Description |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Waiver | Check this box if you would like to waive this component. Else leave this box unchecked. |
| Interpolation Method | Select the required interpolation method from the adjoining drop-down list. The list displays the following values: <ul style="list-style-type: none"> • Not Applicable • Linear If the option Linear is selected, then the system uses Interpolation formula. Rounding Rule and Precision is mandatory in this case. |
| Rounding Rule | Select the required rounding rule from the adjoining drop-down list. The list displays the following values: <ul style="list-style-type: none"> • Blank • Up • Down • Trunc • Round Near Rounding Rule will be applicable only for linear interpolation. |
| Rounding Units | Specify the Rounding Units value to round daily index value to the nearest whole number and use it for interest calculation. |
| Rate Source | Indicate the Source from which the Rate Code is to be taken. The Rate Code option list is populated depending on your selection of the rate source. |
| Rate Code | If the Rate Type you have specified is Floating, then indicate the Rate Code that is to be associated (from the 'Floating Rates screen) with the interest leg of the contract. |
| Tenor Code | Once you specify the Rate Code, indicate the Tenor Code that is to be linked to the particular Rate Code. |
| Interest Spread | Apply a spread over and above the rate maintained in the Floating Rates screen. This Spread must be greater than or equal to the Minimum Spread and less than or equal to the Maximum Spread defined for the product that the contract involves. If the spread you apply happens to be greater than the Maximum Spread, then the Maximum Spread will be applied on the rate. On the other hand, if it is less than the Minimum Spread defined for the product, the Minimum Spread will be picked up. |

Table 5-11 (Cont.) Main Tab - Field Description

| Field | Description |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Main Component | <p>In Oracle Banking Treasury, define any number of tenor based interest components for every contract that you process. Therefore you must identify one interest component as the Main Component. This component will be used for amortization purposes.</p> <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>For the main component, the Rate Type will default from the Contract Input Maintenance screen. For all the other components the Rate type that you indicate will determine whether the particular in or out leg interest component (depending on which leg details you are specifying) is fixed, floating or special.</p> </div> |
| Rate Revision Preferences | <p>While Creating the contract, the user can change the defaulted RFR preferences.</p> <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>When you select or clear the RFR flag, respective Rate Code is mapped.</p> </div> <p>For more information on the Alternative Risk Free Rate Preferences fields, refer to Table Interest Details - Field description Rate code field displays the rates from RFR Input Screen also if the rate type on the leg is floating. Existing spread field is used for RFR spread/margin value. Once contract is saved and authorized, then you cannot change the RFR preferences. You can book the RFR contracts from non-RFR products and vice-versa. Daily revision schedule is mandatory for RFR enabled interest component(s). Accrual required flag is mandatory for RFR enabled interest component(s).</p> |
| External Pricing | <p>If the interest class linked at the product is enabled for external pricing, then during Contract input external pricing will be checked for that particular interest component in interest call form.</p> <p>For the interest component enabled for external pricing, the system will fetch either fixed-rate or spread (where rate code is maintained) from external pricing and billing system and the same is displayed in the External Pricing multigrid.</p> |
| Negative Interest Allowed | <p>Check this box to indicate the negative rate should be allowed for DV module.</p> |
| Negative Class Code | <p>The system defaults the value from the product level.</p> |
| Net Negative Interest | <p>Check this box to indicate that the system should internally net the positive and negative amounts being paid to the customer during interest liquidation.</p> |

Table 5-11 (Cont.) Main Tab - Field Description

| Field | Description |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rate Revision Preferences | Specify the following details. |
| Lookback Months | Specify the number of months to look back to capture the Lag. |
| Compounding Preferences | Specify the following details. |
| Computation Calendar | Select the Computation Calendar from the drop-down list, when RFR is selected for interest calculation. The available options are: <ul style="list-style-type: none"> • Currency • Financial Calendar |
| Financial Center | This field is mandatory if the Financial Center is selected as computation calendar. Select the code of the financial center from the displayed list of values. |
| Base Computation Method | The Base Computation Method is either simple or compounded. |
| Spread\ Margin Computation Method | Spread\ Margin computation method can be maintained as either Simple or compounded. |
| Spread Adjustment Method | Spread adjustment method is kept as either Simple or compounded. |
| Rate Compounding | This represents whether the rate compounding is applied for each calculation period. When enabled, system opts for rate compounding instead of amount compounding, the amount difference comes into effect only if any pre-payment is done. For more information on RFR Rate Compounding, refer to the attached RFR Rate Compounding calculation worksheet. |
| RFR Rounding Unit | Specify the Rounding Units value to round daily index value to the nearest whole number and use it for interest calculation. It is applicable only when RFR index value is used |
| Frequency | Select the compounding frequency of the interest from the adjoining drop-down list. The list displays the following values: <ul style="list-style-type: none"> • Daily • Weekly • Monthly • Quarterly • Half Yearly • Yearly • Bullet |
| Frequency Unit | Specify the frequency for compounding interest. |
| Compound on Holidays | Check this box to indicate that the compounding must be done on holidays. The system allows to check this box only if the 'Frequency' is selected as 'Daily' |
| Payment Preferences | Specify the following details: |
| Payment Date Movement | Specify the date on when the payment movement is to be done. The list displays the following values: <ul style="list-style-type: none"> • Lead • Lag <p>If the option Lead is selected, then the payment is preponed. If the option Lag is selected, then the payment is deferred</p> |

Table 5-11 (Cont.) Main Tab - Field Description

| Field | Description |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Payment Movement Calendar | <p>Specify the payment movement calendar. The list displays the following values:</p> <ul style="list-style-type: none"> • Calendar • Business <p>If Calendar is selected, the system skips the 'holiday preferences' selected at the contract level. If Business is selected, it considers holiday treatment specified for schedule as per the holiday preferences selected at the contract level.</p> |

29. 1/1 calculation is specified as 1. Here Numerator method = 1 and Denominator Method = 1. Similarly, when Numerator is Act than denominator to be Act-ICMA. Modification of this field not allowed once the deals are authorized
30. The validations related to Interest Schedules are as follows:
- The In leg has two component one for positive rate and another for negative rate.
 - The Out leg has two component one for positive rate and another for negative rate.
 - Positive and negative component are shown in the same for In leg and Out leg.
 - The Schedule amount for negative component will be shown in absolute.
31. The validations related to Interest Accrual are as follows:
- Any accrual based on the negative interest rate will be done at a negative component level. The Main interest component will continue to support positive interest rate-based accrual.
 - Accrual amounts for negative interest component will be posted with absolute value. Accrual adjustments will retain the sign of the adjustment amount.
32. Only the below fields are enabled for Non-RFR deals:
- Lookback
 - Lookback Months
 - Payment Movement
 - Payment Movement Days
 - Payment Date Movement
 - Payment Movement Calendar
33. During save, the system performs the following validations for inflation and fixed leg:
- System generates the payment schedule for IN LEG and OUT LEG based on Inflation leg and compounding leg.
 - In case the Index lag is specified, the system applies those lag to generate the schedule for Inflation leg. Lookback Days Months is used to capture 'Indexation Lag'.
 - In case the Interpolation method is specified, the system takes the interpolation into consideration to derive the Inflation leg computation.
 - System generates the compounding schedule based on frequency specified- 'Daily', 'Weekly', 'Monthly', 'Quarterly', 'Half Yearly', 'Yearly', 'Bullet'.
 - System performs the accrual and cashflow based on Inflation & Fixed rates.
34. On **Derivative Contract Interest Details** screen, click **Schedule**.

The **Derivative Contract Interest Details** schedule tab is displayed.

Figure 5-12 Derivative Contract Interest Details schedule

35. On **Derivative Contract Interest Details** screen, specify the fields, and click **Ok**.

For more information on the fields, refer to the below table.

The schedule preferences that you specify at the time of creating the product like the frequency of schedules, the unit of frequency, and so on, will be defaulted to the contract. You are allowed to change these preferences for the contract you are processing. Interest liquidation process will pass netted entries for in leg and out leg schedules only if the in leg interest liquidation date matches with the out leg liquidation date. To facilitate netting for asynchronous schedules netting amount tags should be separately maintained at the product level.

Please refer to the Annexure A – Accounting Entries and Advice manual for details on maintaining the netting amount tags.

 **Note:**

Netting for Asynchronous schedules is possible only for Interest Rate Swaps (IRAs) and not FRAs and CCS.

Table 5-12 Derivative Contract Interest Details screen - Field Description

| Field | Description |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Schedule Holiday Treatment | You have to specify the holiday treatment that has to be followed when schedules fall due on a holiday. The holiday treatment method has been explained at length in the earlier section on Indicating Principal Schedule Details. |
| Interest Schedules | Specify the following details. |
| Start Date | Enter the date on which the particular interest schedule should start. |

Table 5-12 (Cont.) Derivative Contract Interest Details screen - Field Description

| Field | Description |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Frequency | <p>To define periodic interest schedules, you should indicate the frequency of the schedules for a particular interest component. From the options list provided, select one of the following by clicking on the option:</p> <ul style="list-style-type: none"> • Daily • Weekly • Monthly • Quarterly • Half-yearly • Yearly • Bullet <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>Choose to have a bullet schedule for a particular interest component, in which case liquidation for the component will happen only as of the Maturity Date.</p> </div> |
| Frequency Units | <p>Specify the number of units of the frequency in this field. The number that you specify will determine the actual schedule frequency.</p> <p>For instance, for a particular schedule, you want to have a bi-weekly frequency. The options list available for Frequency does not have this option. In the Frequency field, indicate the option Weekly, and in the Frequency Unit field you enter 2, the particular schedule is due every once in two weeks.</p> |
| Number of Schedules | <p>For a particular Frequency and Frequency Unit combination, you can choose to have several schedules depending on how many you want to define for the particular interest component.</p> <p>For instance, for a particular schedule, you have indicated that the Frequency should be Weekly and the Frequency Unit as 2. Subsequently, you indicate that the Number of Schedules as 12. This particular schedule will be run once in two weeks twelve times.</p> |
| Adhere To Month End | <p>If the interest liquidation schedule is in terms of a month, choose to indicate whether the schedule days should adhere to Month-Ends. Check this box to indicate that interest schedules should adhere to month ends.</p> |
| Payment Due Date | <p>Specify the payment due date.</p> <p>The system calculates this date from schedule end date+ payment movement days.</p> |
| Amount | <p>If the interest schedules you are defining are for a special type of interest component, then indicate the interest amount for the particular special component.</p> |

Table 5-12 (Cont.) Derivative Contract Interest Details screen - Field Description

| Field | Description |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Compounding Indicator | Check this box to indicate that the interest amount should not be repaid but should be added on to the principal amount at the end of the contract period. Leave it unchecked to indicate that the interest repayment should be liquidated on the schedule end date. |

36. On **Derivative Contracts Interest Details**, click **Revision**.
The **Revision details** is displayed.

Figure 5-13 Revision details

37. On **Revision**, specify the details, and click **Ok**.
For more information on fields, refer to the below table.

Table 5-13 Revision Details - Field Description

| Field | Description |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revision Holiday Treatment | Specify the holiday treatment to be followed, when schedules fall due on a holiday. The holiday treatment method is explained at length in the earlier section on Indicating Principal Schedule Details Holiday Treatment. |
| Reset Date Details | Specify the following details. |

Table 5-13 (Cont.) Revision Details - Field Description

| Field | Description |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reset Date Basis | <p>Since the floating interest rates are entirely dependent on the market conditions, periodically reset the floating rate for each interest component over the tenor of the contract.</p> <p>For this purpose, you need to specify the date basis on which interest rates must be reset. The available options are:</p> <ul style="list-style-type: none"> • Start Date - The rate will be refreshed as of the start date of the schedule, depending on the reset movement and the reset days. • End Date- The rate will be refreshed as of the start date of the schedule, depending on the reset movement and the reset days indicated. • Other - Specify any other date basis as the reset date basis. |
| Reset Date Movement | Specify the basis on which rate must be reset you have to indicate whether the reset movement should be backward or forward from the schedule Start/ End Date or any other date. |
| Allow External Rate Revision | Checking this option indicates that for a contract, allow the rate revision based on the rates uploaded from an external system. If the option is checked, but no rate is uploaded for the contract, the rate would be picked up from the maintenance. |
| Reset Days | For the reset basis and reset date movement specified to indicate the number of days before or after the start/end or any other date that should be used to determine the rate reset date. |

For example, Scenario 1

The Start Date of a revision schedule is 01 Jan 2000. The other specifications you make areas follows:

Table 5-14 Specification Details

| Specification | Details |
|----------------------|---------|
| Reset Date Movement: | Forward |
| Reset Days: | 2 |

The Start Date of a revision schedule is 01 Jan 2000. The other specifications you make are, as per your specifications the floating rate, that will be reset two days, after the start date of the schedule, This will be on the 3rd of January 2000 as follows:

For example, Scenario 2

Table 5-15 Specification Details - 2

| Specification | Details |
|----------------------|----------|
| Reset Date Movement: | Backward |
| Reset Days: | 5 |

For example, Scenario 3

The revision schedule for a particular component is from 1st January 2000 to 1st February 2000. The other specifications you make are as follows:

Table 5-16 Specification Details - 3

| Specification | Details |
|---------------------|---------------|
| Reset Date | 16th Jan 2000 |
| Reset Date Movement | Backward. |
| Reset Days | 1. |

The floating rate will be reset on the 15th of January 2000.

 **Note:**

If a particular reset date falls on a holiday, then you are required to indicate how the holiday must be treated.

Table 5-17 Revision Schedules - Field Description

| Field | Description |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Start Date | Specify the date on which the particular interest revision schedule should start |
| Frequency | <p>If you want to define periodic interest revision schedules, you should indicate the frequency of the revision schedules for a particular interest component. The options are:</p> <ul style="list-style-type: none"> • Daily • Weekly • Monthly • Quarterly • Half-yearly • Yearly • Bullet <p>If you prefer to keep the revision schedules as bullet, then the particular interest component will be liquidated only as of the Maturity Date.</p> |
| Frequency Units | Specify the number of units of the frequency in this field. The number that you specify here determines the actual schedule frequency. For instance, for a particular schedule, you want to have a bi-weekly frequency. The options list available for Frequency does not have this option. In the Frequency field indicate option Weekly, and in the Frequency Unit field, if you enter 2, the particular schedule will be due to each one in two weeks. |

Table 5-17 (Cont.) Revision Schedules - Field Description

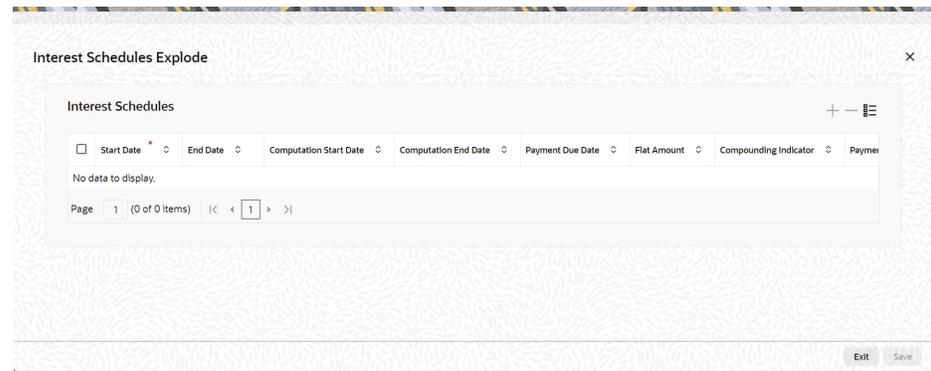
| Field | Description |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number Of Schedules | For a particular Frequency and Frequency Unit combination, choose to have several schedules, depending on how many you want to define for the particular revision component. For instance, for a particular schedule, you have indicated that the Frequency should be Weekly and the Frequency Unit as 2. Subsequently, you indicate that the Number of Schedules as 12. This particular schedule will run every two weeks twelve times. |
| Adhere To Month End | If the interest revision schedule is in terms of a month, choose to indicate whether the schedule days should adhere to Month-Ends by checking this option. |

During rate revision, the system picks up the floating rate applicable to the contract. If the 'Related Component (spread) is not zero, the interest rate of the related component is also picked up as part of rate revision. This floating rate along with the spread is then compared with Cap, or Floor rate depending on the Interest Type specified for the contract, to arrive at the final rate.

How the system determines the final rate for each of the four interest types is given below:

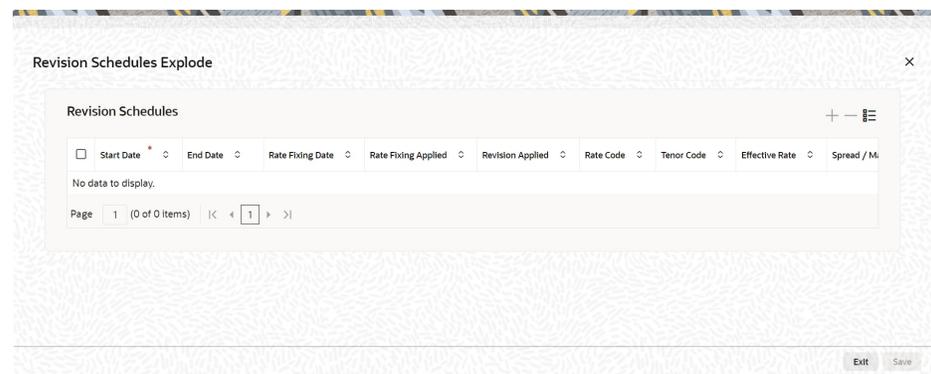
- For Interest Type Cap, if the total floating rate arrived at by the system plus interest rate of related component is greater than Cap Rate, the final rate is taken as the Cap Rate minus interest rate of a related component if the same is specified. If a related component is not selected, the final rate will be Cap Rate minus the spread part. The rate of the related component cannot be more than the Cap Rate.
 - For Interest Type Floor, if the total floating rate is less than the Floor Rate, and if Related Component is specified, the final rate will be taken as Floor Rate minus interest rate of the Related Component. If the Related Component is not maintained, the final rate will be the Floor Rate minus the spread component.
 - If Interest Type is Corridor then, the final rate will lie between the Floor Rate and Cap Rate. If the final rate is above Cap Rate, then the final rate is decided, as in the case explained for Cap interest type (where the spread is zero). Similarly, if the final rate is below Floor Rate, the final rate is decided, as explained for the Floor interest type above.
 - If the interest type is Normal, both the final rate as well as the spread will be taken as it is. Also, Related Component will not be applicable in this case.
- a. On the **Derivatives Contract Interest Details** screen, click **View Interest**.
The **Interest Schedules Explode** screen is displayed.

Figure 5-14 Interest Schedules Explode



- b. On the **Interest Schedules Explode** screen, user can only view the interest schedule details.
- c. On the **Derivatives Contract Interest Details** screen, click **View Revision**. The **Revision Schedules Explode** screen is displayed.

Figure 5-15 Revision Schedules Explode



- d. On **Revision Schedules Explode**, user can only view the revision schedule details till the end of the current payment schedule.
38. On **Contract Input Detail** screen, click **charges**. The **Charge Detail** screen is displayed.

Figure 5-16 Charge Details
39. On Charge Detail screen, specify the fields, and click Ok.

For more information of fields, refer to the below table.

For each leg of the transaction, you can specify the charges that you levy. Charges are applicable only the for customer legs of a transaction.

The characteristic feature of a charge is that it is always booked in advance and is not accrued, as a charge is collected only when it is due.

To recall, you have defined the attributes of a charge by defining a Charge Rule in the 'ICCF Rule Definition screen. A rule identifies the basic nature of the charge. You have further defined a Charge class in the Charge Class Maintenance screen where you have enriched the attributes of a rule. We shall refer to these classes as components.

Each charge component, in turn, is linked to a product. All the charge components linked to a product default to the contracts associated with it. Thus each time you enter a contract, you need not specify when and how charges should be collected. However, while capturing the details of a transaction, you can choose to associate a component to the transaction. Further, you can modify some of the attributes defined for the applicable component.

The reference number of the transaction leg for which you are defining charge details is displayed. The screen will contain a list of all the charge components applicable to the transaction leg.

Table 5-18 Charge Details - Field Description

| Field | Description |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Charge Association</p> | <p>All the charge components applicable to the transaction leg you are processing is displayed together with the rule that is linked to the component.</p> <p>In this section of the screen you can:</p> <ul style="list-style-type: none"> • Change the charge rule linked to the component • Disassociate a charge component from the transaction leg <p>Changing the charge rule linked to a component:</p> <ul style="list-style-type: none"> • The rule that is linked to a charge component will be displayed next to the component. Select a new rule to link to the component from the adjoining option list. A list of all the charge rules maintained is displayed. Choose the appropriate one. The new rule will be made applicable to the charge component. <p>Disassociating a charge component from the transaction leg:</p> <ul style="list-style-type: none"> • You can disassociate a charge component from the transaction leg. In the Association section of the Contract Charge Details screen, click against the waive option positioned next to the component. In this case, the charge component is attached to the transaction leg but is not calculated. |
| <p>Charge Application</p> | <p>In the application section of the screen, you can indicate the charge components that must be applied to the transaction leg. The list of components that is displayed depends on the charge components that have associated with the transaction leg. The following details of the component are also displayed</p> <ul style="list-style-type: none"> • The basis component on which the charge is levied • The currency of the basis amount • The basis amount • The charge amount • The currency in which the charge amount is defined <p>You can change the charge amount that is calculated using the class applicable to the component.</p> |
| <p>Waiving a charge on a transaction leg</p> | <p>You also have the option to waive the component for the transaction leg that you are processing. If for some reason, you want to waive the charge on the transaction you are processing, check against the waiver option in the application section of the screen. The charge will be calculated but not applied.</p> <div style="border: 1px solid #0070C0; padding: 10px; margin-top: 10px;"> <p> Note:</p> <p>You can waive a charge only if it is yet to be liquidated.</p> </div> |

Table 5-18 (Cont.) Charge Details - Field Description

| Field | Description |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Charge Liquidation | <p>When a charge component that is applied to a transaction is liquidated, the relevant accounting entries are passed. The Contract Charge Details screen discretion is displayed:</p> <ul style="list-style-type: none"> • The charge components that have already been liquidated. • The amount that was liquidated. • The currency in which it was liquidated. <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>For further details on the fields and sections of Charges Details, sub-screen refer Charges and Fees user manual.</p> </div> |

40. On the **Contract On-line** screen, click **Tax**.
The **Tax Details** screen is displayed.

Figure 5-17 Tax Details

The screenshot shows the 'Tax' screen with a 'Reference Number' field at the top. Below it are two tabs: 'Transaction Level Tax' (selected) and 'Issuer Tax'. The screen is divided into three main sections:

- Association:** A table with columns: Component, Creation ESN, Rule, and Waived. It shows 'No data to display' and a pagination control for page 1 of 0 items.
- Application:** A table with columns: Component, Creation ESN, Currency, Tag Amount, and Currency. It shows 'No data to display' and a pagination control for page 1 of 0 items.
- Liquidation:** A table with columns: Component, Currency, and Tax Amount. It shows 'No data to display' and a pagination control for page 1 of 0 items.

At the bottom right, there are 'Exit' and 'Save' buttons.

41. On **Tax Details** screen, specify the fields, and click **Ok**.

The tax details specified for the product to which the contract is associated will be automatically applied to the contract. However, while processing a contract, you can waive the application of the tax on the contract.

Refer to the Tax User Manual of Oracle Banking Treasury for more details.

42. On the **Contract Input** screen, click **Fields**.

The **Fields** screen is displayed.

The screenshot shows a window titled 'Fields' with a close button (X) in the top right corner. Below the title bar is a text input field labeled 'Contract Reference Number'. Underneath is a section titled 'Fields' with a '+ - ≡' icon on the right. This section contains a table with the following columns: 'Field Name', 'Value', 'Mandatory', and 'Value Description'. The table is currently empty, with the text 'No data to display.' centered below the header. At the bottom of the table area, there is a pagination bar that reads 'Page 1 (0 of 0 items)' with navigation arrows and a '1' in a box. At the bottom right of the window, there are 'Exit' and 'Save' buttons.

43. On the **Field** screen, specify the fields, and click **Ok**.

The user-defined fields that have been linked to the product will default to the contract. Capture the relevant information about these fields.

 **Note:**

For more details on how to create user Defined fields, refer chapter Creating custom fields in *Oracle Banking Treasury in the User Defined Fields User Manual* under Modularity.

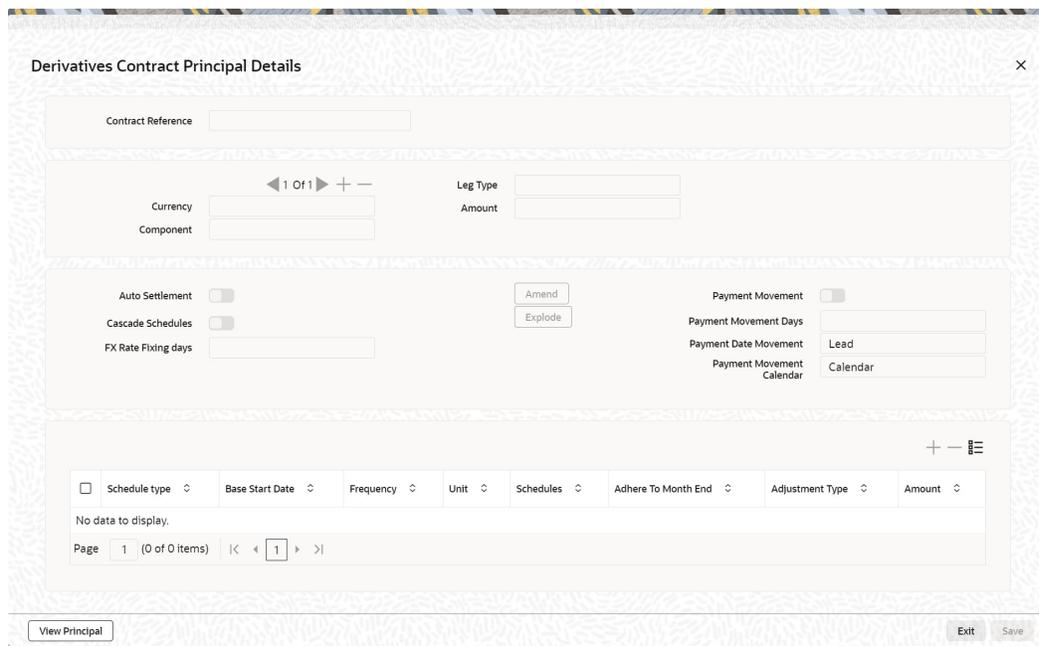
44. On the **Contract Input** screen, click **Principal**.

Limit tracking for Notional Contract amount will be carried out on the in leg principal. For risk-weighted limit tracking, notional amount will be multiplied with the risk percent for finding out the risk-weighted amount and limit tracking will be done on this amount.

If credit netting is checked during contract input and the contract is governed by a master agreement, then the limit tracking will be done against a single reference number. This reference number will be the master agreement code of the master agreement for the counterparty of the contract.

The **Derivative Contract Principal Details** screen is displayed.

Figure 5-18 Derivative Contract Principal Details



45. On the **Contract Principal Schedule** screen, specify the fields, and click Ok.

For more information of fields, refer to the below table.

In this screen, you can specify the holiday treatment, the holiday movement, and the frequency of the principal schedules.

Table 5-19 Derivatives Contract Principal Details - Field Description

| Field | Description |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Holiday Treatment | <p>In Oracle Banking Treasury, a scheduled date on a holiday is treated in the following ways:</p> <ul style="list-style-type: none"> • Ignore the holiday - In which case the holiday will be ignored, and the scheduled date will be retained on that day. • Choose to follow the Local holiday - The holiday will be treated as per your specifications in the Branch Holiday Maintenance screen. • Choose to follow the Currency holiday - The movement of schedules will be based on the holiday calendars maintained for all the currencies that you have specified for the contract in the Holiday Currency screen (explained in detail in the subsequent section). • Indicate that the holiday treatment should be governed by the Financial Center - In such a case, the movement of schedules is based on the holidays maintained for the financial institutions involved in the contract (multiple financial institutions are also maintained in the Holiday Currency screen). |

Table 5-19 (Cont.) Derivatives Contract Principal Details - Field Description

| Field | Description |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Holiday Currency and Financial Centre | Choose to follow either the currency holiday or the holiday calendar maintained for the financial center, you need to specify the currencies/ financial institutions that are involved in the contract. In the event, the scheduled date of a component falls due on a holiday, the system computes the next schedule date based on the combination of holiday calendars maintained for all the currencies/ financial institutions that you have specified for the contract (whether principal, interest or revision). Therefore, in effect, the next scheduled date for a component will be a working day in all the calendars involved in the contract. |
| Auto Settlement | The principal exchange schedules can either be settled automatically or manually. In this case, only automatic settlement is supported. |
| Move Backward/Forward | <p>Occasionally the preferred holiday treatment, the branch holiday, the currency holiday, or the holiday governed by the financial center may, in turn, fall on a holiday. In such a situation, indicate the movement of the scheduled date. Whether it is to be moved forward to the next working day, or whether it must be moved back to the previous working day.</p> <p>This concept can be easily explained with the help of an example: For a CCS Trade Contract, you have defined monthly schedules falling due on the following dates:</p> <ul style="list-style-type: none"> • March 31 • April 30 • May 31 <p>April 30 is a holiday. You have the following options in fixing the date for that schedule:</p> <ul style="list-style-type: none"> • You can move the schedule date forward to the next working day, which happens to be May 1. In this case, the schedule will be liquidated during BOD processes on this date, as it is a working day. • You can move the schedule date backward. In such a case, the scheduled date will be April 29, the last working day before the holiday. The schedule will be liquidated during BOD processes on this date as it is a working day. |

Table 5-19 (Cont.) Derivatives Contract Principal Details - Field Description

| Field | Description |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Moving Across Months | <p>If you have chosen to move a principal schedule falling due on a holiday either forward or backward, such that it falls due on a working day, and it crosses over into another month, the scheduled date will be moved into the next month only if you so indicate. If not, the scheduled date will be kept in the same month.</p> <p>For example,</p> <p>Scenario 1</p> <p>You have defined a principal schedule that falls due on April 30. This happens to be a holiday. You have indicated that in case of a holiday, the scheduled date is to be moved forward to the next working day.</p> <p>If you have indicated that the schedule can be moved across months, then the schedule will be automatically moved to May 1, that is, the next working day in the next month.</p> <p>If you have not allowed movement across the month but have indicated forward movement for the same schedule under discussion, the scheduled date will be automatically moved (backward in this case), to the last working day of the same month, that is, to April 29 despite you are having indicated a forward movement into the next working day.</p> <p>Scenario 2:</p> <p>You have defined a repayment schedule that falls due on May 1. This happens to be a holiday. You have indicated that in case of a holiday, the scheduled date is to be moved backward to the previous working day. If you have indicated that the schedule can be moved across months, then the schedule will be automatically moved to April 30, that is, the previous working day. If you have not allowed movement across months, but have indicated backward movement for this schedule, the scheduled date will be automatically moved (forward in this case), to the next the working day of the same month, that is to May 2, despite your having indicated a backward movement into the previous working day.</p> <p>The question of cascading schedules arises only if:</p> <ul style="list-style-type: none"> • You have specified that a schedule falling due on a holiday has to be moved forward or backward • The schedule has been defined with a definite frequency. <p>If you have indicated that schedules should be cascaded, the scheduled date for the next payable schedule will depend on how the schedule date was moved for a holiday. The following example illustrates how this concept of cascading schedules functions:</p> <p>For example,</p> <p>A monthly schedule is defined with backward movement, and a scheduled date falling due on April 30 was moved to April 29, April 30 is a holiday.</p> <p>The scheduled date for May depends on whether you have chosen to cascade schedules. If you have, the scheduled date for May will be set as May 29, as the frequency is specified as monthly. For the subsequent schedules also, May 29 will be considered the last scheduled date.</p> <p>If you have not specified that schedules have to be cascaded, the date originally specified will be the date for drawing up the schedules. Even if the April month-end schedule is moved to April 29, the next schedule will remain on May 30.</p> |

Table 5-19 (Cont.) Derivatives Contract Principal Details - Field Description

| Field | Description |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FX Rate Fixing Days | <p>Specify the Days as required. This field identifies for FX fixing Schedule Building.</p> <div style="border: 1px solid #0070C0; background-color: #D9E1F2; padding: 5px; margin: 5px 0;"> <p> Note:</p> <p>If you do not specify the FX fixing days, the system will consider the value as zero.</p> </div> <div style="border: 1px solid #FFC000; background-color: #FFF2CC; padding: 5px; margin: 5px 0;"> <p> WARNING:</p> <p>FX Rate fixing days must be Zero or higher. FX Rate Fixing days overpassing the previous principal reset dates not allowed.</p> </div> <p>For Examples see: <i>Rate Fixing Days Example: Table 20</i></p> |
| Payment Movement | Check this box to accept the payment movement. |
| Payment Movement Days | Specify the number of Payment Movement Days as required. |
| Payment Date Movement | <p>Specify the date on when the payment movement is to be done. The list will display the following values:</p> <ul style="list-style-type: none"> • Lead • Lag <p>If the option LEAD is selected, then the payment is preponed. If the option LAG is selected, then the payment is deferred.</p> |
| Payment Movement Calendar | <p>Specify the payment movement calendar.</p> <ul style="list-style-type: none"> • Calendar • Business <p>If Calendar is selected, then the system skips the 'holiday preferences' selected at the contract level. If Business is selected, it considers holiday treatment specified for schedule as per the holiday preferences selected at the contract level.</p> |
| Schedule Type | <p>Select the schedule from the list of values displayed. The Options are</p> <ul style="list-style-type: none"> • Principal • Interest • Revision • Principal Reset |
| Base Start Date | Enter the date on which the particular principal schedule should start. |
| Frequency | In addition to indicating the holiday treatment, you also need to specify the periodicity of the frequency of the schedules for each principal component. You can indicate that the frequency of schedules can either be Periodic or Bullet. |

Table 5-19 (Cont.) Derivatives Contract Principal Details - Field Description

| Field | Description |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Frequency Unit | <p>In addition to specifying the frequency of schedules, you are also required to indicate the number of units of the frequency. The number of units that you indicate determines the actual schedule frequency.</p> <p>For instance, for a particular schedule, have a bi-weekly frequency. The list of choices available for the Frequency field does not have this option. In the Frequency field, indicate the option Daily. Enter 2 as the Frequency Unit, the particular schedule will be due once every two weeks.</p> |
| Number of Schedules | <p>For a particular Frequency and Frequency Unit combination, you can choose to have several schedules depending on how many you want to define for the particular component.</p> <p>For instance, for a particular schedule, you have indicated that the Frequency should be Weekly and the Frequency Unit as 2. Subsequently, you indicate that the Number of Schedules as 12. This particular schedule will be run once every two weeks, twelve times.</p> |
| Adhere to the Month End | <p>When the principal exchange frequency is in terms of a month, you can choose to indicate whether the schedules must be liquidated as of the last working day of the month, or whether it should strictly follow the defined schedule.</p> <p>For example, The start date of a particular schedule is 1st February 2000. The frequency you have specified is Monthly, and you indicate that the Frequency Unit is 1. If you indicate that schedules have to adhere to month ends, the particular schedule will be liquidated on the 29th of February 2000. However, if you do enable this option, the schedule will be liquidated on the 1st of March 2000.</p> |
| Adjustment Type | <p>Periodically scheduled repayment of the principal amount will always bring about a readjustment in the principal amount. It either increases or decreases the amount that is to be repaid to the counterparty.</p> <p>Therefore while defining principal schedules, indicate whether liquidation of the particular schedule results in the Increase or Decrease of the actual amount.</p> |
| Amount | <p>Since the periodic schedule repayment of the principal amount either increases or decreases the amount to be repaid to the counterparty, you have to indicate the amount by which the principal is being changed.</p> |

Rate Fixing Days Example

Table 5-20 Example1 - All days are working

| Principal Reset Schedule date | FX Rate Fixing Days | FX Rate Fixing Date |
|-------------------------------|---------------------|---------------------|
| 5/12/2020 | 2 | 3/12/2020 |
| 5/12/2020 | 1 | 4/12/2020 |
| 5/12/2020 | 0 | 5/12/2020 |

Table 5-21 Example2 - Considering holiday preference chosen as currency is a holiday on 4-12-2020. FX rate fixing date movement taken care as below.

| Principal Reset Schedule date | FX Rate Fixing Days | FX Rate Fixing Date |
|-------------------------------|---------------------|---------------------|
| 5/12/2020 | 2 | 2/12/2020 |
| 5/12/2020 | 1 | 3/12/2020 |
| 5/12/2020 | 0 | 5/12/2020 |

Table 5-22 Example 3 - For Error Message

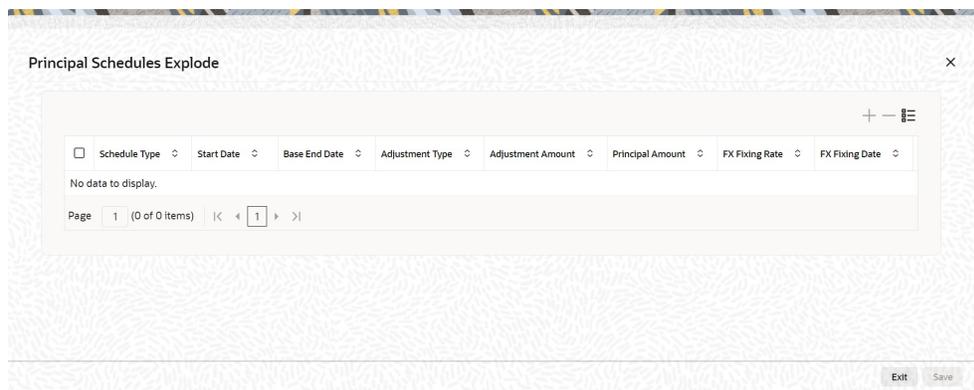
| Principal Reset Schedule | NA |
|--------------------------|----|
| Start Date | NA |
| 3/2/2023 | NA |
| 3/9/2023 | NA |
| 3/16/2023 | NA |

From the second principal reset date, fixing is allowed. As 3/1/2023 is the book and value date.

Fixing days up to 6 days is only allowed, beyond which crosses the first schedule date 3/2/2023. (considering 3rd and 4th as a holiday).

- On the **Derivative Contract Input Details** screen, click **Explode**. The **Principal Schedules Explode** screen is displayed.

Figure 5-19 Principal Schedules Explode



- On the **Principal Schedules Explode** screen, refer to the details as required. See the below table for field descriptions:

Table 5-23 Principal Schedules Explode - Field Description

| Field | Description |
|----------------------|---------------------------------------------------------|
| Schedule type | Identifies the schedule as Principal or Principal Reset |

Table 5-23 (Cont.) Principal Schedules Explode - Field Description

| Field | Description |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FX fixing rate | Identifies the FX fixing rate, based on which the delta principal is calculated. |
| FX Fixing Date | Identifies the FX fixing date as on which the FX rate is picked. |
| Principal Reset Amount | Identifies the resettable leg new principal amount. On the fixing date, the principal amount reset, it can increase or decrease based on the FX rate movement. |
| Principal Reset Applied | Identifies if the Principal reset is applied or Not. |
| Payment Due Date | Specify the payment due date. The system calculates this date from schedule due date+/- payment movement days. |

Principal Schedules Explode for Resettable Cross Currency Swaps

- Schedule Type: Principal Reset
- FX Fixing Rate: According to the FX revaluation system calculates the principal adjustment amount and the new principal amount of the resettable leg changes accordingly. The FX fixing rate is fetched from the exchange rate field of new derivative Principal reset screen DVDPRSET after every FX fixing reset or during EOD processing the rate picked up as on date.
- FX Fixing Date: System builds these dates based on the principal reset schedule start date and FX rate fixing days at the time of contract save.
- Principal Reset Amount: On the fixing date, the principal amount reset, it can increase or decrease based on the FX rate movement.
- Principal Reset Applied: The values will be Y or N. At the time of booking the value will be N. As and when FX rate fixing is done manually through UI or GW, and during the EOD process on the fixing date the value will change to Y.
- Adjustment Type: Can be Increased or Decreased depending on the FX rate going up or down respectively.
- Adjustment amount: On the FX fixing date, the current FX rate between the two currencies is observed. The difference between the previous FX rate and the new FX rate is the adjustment amount or change in principal that gets cash-settled in resettable currency.
- Principal Amount: Principal after amortization

Principal Schedules Explode for Plain Cross Currency Swaps and Interest rate swaps

- In case of Interest rate and plain cross currency swaps the Schedule type must be Principal.
- FX fixing rate, FX fixing Date, Principal Reset Amount, and Principal Reset Applied fields are not applicable and will remain blank for both principal legs explode.
- Adjustment Type, Adjustment amount and Principal Amount will display values as agreed at the time of booking. Also during instances when a financial amendment is done.
- The explode fields of principal Schedules are for Read Only purpose.

48. Click add icon to select a currency /financial institution from the option list. If you wish to delete a currency/financial institution, click the delete icon.

The following example illustrates the procedure for combined holiday processing as handled by Oracle FLEXUBE:

For example,

Your bank enters into a CCS trade contract involving USD and GBP on 1st March 2001. You have defined multiple schedules falling due on the following dates:

- March 31
- April 30
- May 31

The other holiday handling specifications are as follows:

- Move Forward – Yes
- Move Across Months – Yes

The following is a section of the holiday calendar maintained for the two currencies for the year 2001:

Table 5-24 Holiday calendar maintained for the two currencies for the year 2001

| Currency | Days | | | | |
|----------|-----------|-----------|----------|----------|----------|
| | 30thMarch | 31stMarch | 1stApril | 2ndApril | 3rdApril |
| USD | Working | Working | Holiday | Holiday | Working |
| GBP | Working | Holiday | Working | Holiday | Working |

The first schedule falls due on March 31st. As per the calendar for USD, 31st March is a working day. But GBP is closed on 31st; hence the schedule will not be liquidated on this day. The next scheduled date is computed, such that it is a working day for both USD and GBP. The system, therefore, moves forward (as the Move Forward option is selected) to check the specification for the next day. As per the calendars, 1st April is a holiday for USD and 2nd April is a holiday for both USD and GBP. Therefore, liquidation is not possible on either of these days. 3rd April is the next working day for USD, which is also marked as a working day for GBP. Therefore, 3rd April 2001 is the next valid schedule date (for the schedule due on 31st March) since it is marked as a working day in both the calendars.

The net result due to the combination of both the calendars is as follows:

Table 5-25 Calendar

| Net Result | Days | Days | Days | Days | Days |
|------------------|-----------|-----------|----------|----------|----------|
| Net Result | 30thMarch | 31stMarch | 1stApril | 2ndApril | 3rdApril |
| Combined results | Working | Working | Holiday | Holiday | Working |
| GBP | Working | Holiday | Holiday | Holiday | Working |

In this example, if you choose the Move Backward option, the system checks the status of the previous day to arrive at the next scheduled date. In this case, 30th March is a working day for both currencies. Hence, 30th March 2001 will be the next scheduled date for the contract.

The relevant contract confirmations (both SWIFT and MAIL) will also reflect the fact that the holiday treatment is based on multiple holiday calendars.

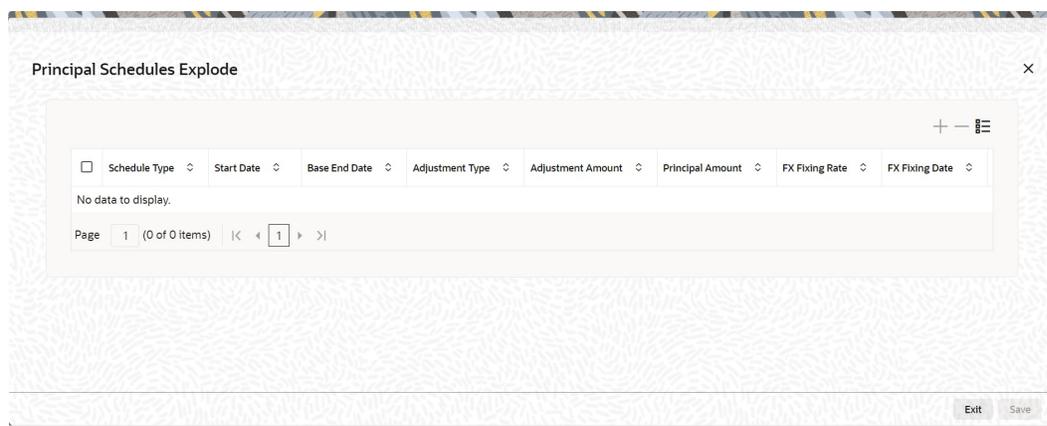
 **Note:**

The holiday treatment for the interest and revision schedules (if allowed for the derivative type involved in the contract) is also handled similarly.

49. On **Contract Principal** screen, click **Explode** to view the details of the all scheduled contract.

The **Principal Schedules Explode** screen is displayed.

Figure 5-20 Principal Schedules Explode



50. Click **Amend** to change the details of existing schedule.
51. On **Principal Explode** screen, specify the details, and click **Ok**.
52. On the **Contract Input** screen, click **Holiday Preferences**.
- The system validates the financial center holidays during contract input for OTC derivatives transactions. Users should modify the dates appropriately during deal input.
 - The system validates the financial center holidays during contract input for transactions received through interface. Appropriate validation message(s) is returned to the interface.
 - The system regulates the existing Financial Center holiday validation and maturity date movement functionality.

The **Holiday Preferences** screen is displayed.

Figure 5-21 Holiday Preferences

53. On the **Holiday Preferences** screen, Specify the details as required.
See the below table for field descriptions:

Table 5-26 Holiday Preferences- Field Description

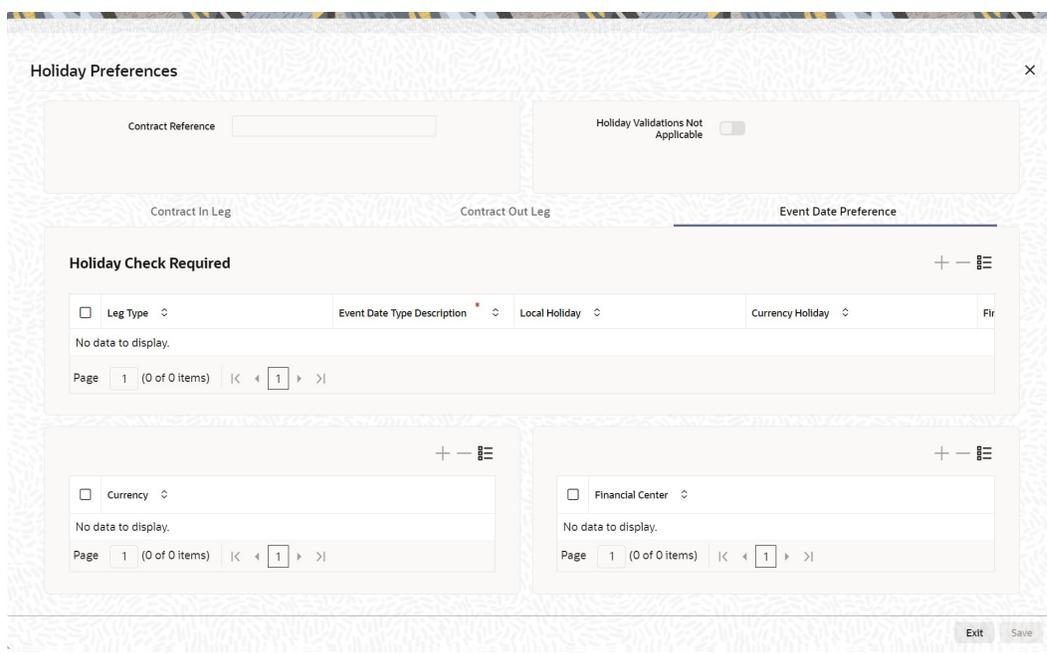
| Field | Description |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contract Reference | The Contract Reference number from the main screen is displayed here. |
| Holiday Validations Not Applicable | Check this box to indicate that the holiday calendar validation must not be performed. |
| Contract In Leg/ Contract Out Leg | Specify the Contract In Leg/Contract Out Leg fields. |
| Local Holiday | Select this check box, if the local holiday validation of dates and schedule movement is required, which is defaulted from product and amendable. |
| Currency Holiday | Select this check box, if the currency center holiday calendar validation of dates and schedule movement is required, which is defaulted from product and amendable. |
| Financial Center Holiday | Select this check box, if the financial center holiday calendar validation of dates and schedule movement is required, which is defaulted from product and amendable. |
| Move Across Months | Check this box to indicate that the final date must be derived next month if the date falls on holiday. Otherwise, final date becomes end of the month though actual date derived is on next month. |
| Date Movement | Select the holiday date movement when the date falls on holiday. The adjoining drop-down list displays the following values: <ul style="list-style-type: none"> • Forward • Backward |

Table 5-26 (Cont.) Holiday Preferences- Field Description

| Field | Description |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Currency | Specify the currency details for which the holiday validation for dates and schedules movement is required, which is defaulted from product and amendable. |
| Financial Center | Specify the financial center from the adjoining option list. The list displays all active financial centers maintained in the system. You can choose the appropriate one. |

54. On the **Holiday Preferences** screen, click **Event Date Preference**.
The **Holiday Preferences with Event Date Preferences** details is displayed.

Figure 5-22 Holiday Preferences with Event Date Preferences



55. On **Event Date Preference**, specify the details as required.
The following are the field descriptions:

Table 5-27 Event Date Preference- Field Description

| Field | Description |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Holiday Check Required | Specify the following details: |
| Leg Type | Select the leg type for the holiday preferences from the adjoining drop-down list. The list displays the following values: <ul style="list-style-type: none"> In Leg Out Leg |
| Event Date Type Description | Specify the description of event date type for which the holiday calendar validations must be performed. The adjoining option list displays all valid event description maintained in the system. You can choose the appropriate one. |

Table 5-27 (Cont.) Event Date Preference- Field Description

| Field | Description |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Local Holiday | Select this check box if the local holiday validation of the dates and schedule movement has to be executed. |
| Currency Holiday | Select this check box, to execute the currency holiday calendar validation of the dates and movement of schedules. |
| Financial Center | Select this check box, to execute the financial center holiday calendar validation of the dates and movement of schedules. |
| Event Date Type on | The event date type details is displayed in this field. |
| Move Across Months | Check this box to indicate that the final date must be derived next month if the date falls on holiday. Otherwise, final date becomes end of the month though actual date derived is on next month. |
| Date Movement | Select the holiday date movement when the date falls on holiday. The adjoining drop-down list displays the following values: <ul style="list-style-type: none"> • Not Applicable • Forward • Backward |
| Currency | Specify the currency from the adjoining option list. The list displays all valid currencies maintained in the system. You can choose the appropriate one. This field is mandatory if event date level currency holiday validation is required. |
| Financial Center | Specify the financial center from the adjoining option list. The list displays all active financial centers maintained in the system. You can choose the appropriate one. This field is mandatory if event date level financial center holiday validation is required. |

 **Note:**

Based on the requirement you can choose more than one holiday check at the same time.

This topic has the following sub-topics:

- [Holiday Validation Assumptions](#)
- [Split Settlements](#)
- [Reporting Details Maintenance](#)

5.1.1 Holiday Validation Assumptions

- Automatic schedule movement is applicable only for Payment and Rate Revision schedules across the modules.
- Validations is done only for fields like Trade Date and Value Date - the dates are modified manually by the user in the User Interface.

- In case of any exceptions (like adhoc holiday, post contract authorization) during EOD or BOD, the system updates the exception log. The users must manually make the necessary amendments appropriately.

Holiday Preference Example

If a DV contract is a comparing two currencies USD and GBP validations, as an addition, the user selects the Currency Holiday under Holiday Check Required section in Holiday Preferences screen and adds the INR as currency to validate, the system validates the same based on the INR holiday calendar. As per the validation, if the currency date falls on a holiday the accounting entries or the transaction is done the next working day. If the INR holiday details is not present to validate, the INR validation is discarded by the system and the original validation of the USD and GBP is continued by the system.

 **Note:**

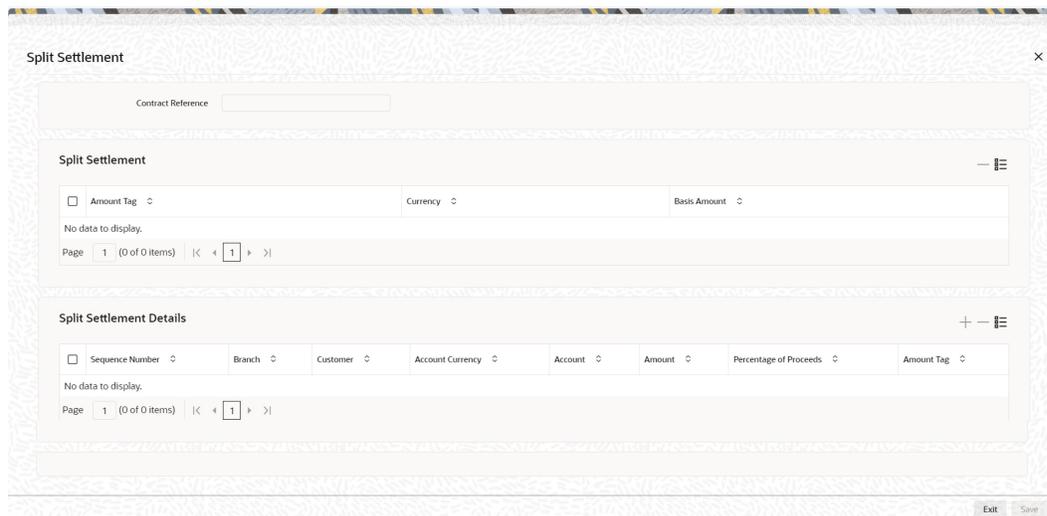
When the **Currency Holiday** is checked and the currency details is specified, ensure the holiday calendar of the specified currency is added. Also, the decision making is mainly in the contract level and the details on the contract level are defaulted to product level.

If the schedule of a contract falls on a holiday/adhoc holiday the value date of the contract remains same as the holiday date but the transaction date is marked to the previous or the next working day based on the Schedule Movement set by the user in the contract.

5.1.2 Split Settlements

1. On the **Contract Input** screen, click **Split**.
The **Split Settlement** screen is displayed.

Figure 5-23 Split Settlement



2. From the displayed list, select a contract.

3. On the **Split Settlement** screen, under the Split Settlement Details, click the **Plus symbol**.

A new row is added under Split Settlement Details as shown below.

Figure 5-24 Split Settlement with a new row

The screenshot shows the 'Split Settlement' screen. At the top, there is a 'Contract Reference' field. Below it, the 'Split Settlement' section is collapsed, showing a table with columns: Amount Tag, Currency, and Basis Amount. Below this table, it says 'No data to display.' and 'Page 1 (0 of 0 items)'. The 'Split Settlement Details' section is expanded, showing a table with columns: Sequence Number, Branch, Customer, Account Currency, Account, Amount, Percentage of Proceeds, and Amount Tag. The first row in this table is selected, and a new row has been added below it. The page indicator shows 'Page 1 of 1 (1 of 1 items)'. At the bottom right, there are 'Cancel' and 'Save' buttons.

Note:

This process of splitting the settlements for a contract is allowed on the principal.

4. Choose the Account Currency, Account, and other necessary details, to create a split.
 - For every Settlement contract the system allows a maximum of twelve splits.
 - Only if split settlement details are available, system will process the transaction accordingly, else the payment/settlement is treated as a single payment transaction.
 - For a single component, you can split the settlement amount and use the same settlement account more than once. There is no restriction on the repetition of split settlement amount for the same NOSTRO/settlement account.
 - Principal Exchange for CCS type settlements is supported. System is validate with an error message when currency of the settlement account is different from contract currency.
 - User can give Split settlement details during contract booking and Amendment. The amounts tags are as follows:
 - On book: INLEG_PRN, and OUTLEG_PRN_LIQD
 - On amend: INLEG_PRN_AMIN/OUTLEG_PRN_AMDE

New amount tag for amendment is picked up as basis amount tag (INLEG_PRN_AMIN/ OUTLEG_PRN_AMDE, INLEG_PRN, and OUTLEG_PRN_LIQD).

- The Percentage of Proceeds column is a display-only field that is automatically computed by the system and displayed after save of the transaction.

5.1.3 Reporting Details Maintenance

The Reporting Details call form is enhanced in Contract Input screen for assisting the third-party reporting system to report Over-the-counter trades in the required format of the respective Central Counterparty. Note: The European Market infrastructure regulation (EMIR) is a reporting regulation to increase the transparency of the over-the-counter derivatives market, and to reduce the operational risk of the market.

1. On the **Contract Input** screen, click the **Reporting Details** tab.
The **Reporting Details** screen is displayed.

Figure 5-25 Reporting Details

2. On the **Reporting Details** screen, specify the details as required, and click **Ok**.
For more information on the fields, refer to the below table.

Table 5-28 European Market Infrastructure Regulation - Field Descriptions

| Field | Description |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contract Reference | Indicates contract reference number specified during report generation |
| Version Number | Indicates the latest version number of the report. The system assigns a version number to a contract whenever it is created in the system. From then, each amendment and reinstatement results in the next version of the contract being created. When a report is generated, the latest version number of the contact is reported |
| Unique Trade Identifier Details | Specify the Unique Trade Identifier Details. |

Table 5-28 (Cont.) European Market Infrastructure Regulation - Field Descriptions

| Field | Description |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| UTI | Specify the Unique Transaction Identifier (UTI) in combination with the namespace created at the time of transaction is first executed. The UTI is shared with all registered entities and counterparties involved in the transaction, and used to track that particular transaction over its life. |
| UTI Namespace | Specify the unique code that identifies the registered entity creating the unique transaction identifier. |
| Prior UTI | Specify the previous unique transaction identifier in combination with the namespace that was created at the time of transaction execution. |
| Prior UTI Namespace | Specify the registered entity that created the previous unique transaction identifier at the time of transaction execution. |
| Subsequent Position UTI | Specify the UTI of the position in which a derivative is included. <div style="border-left: 2px solid #0070C0; border-right: 2px solid #0070C0; border-bottom: 2px solid #0070C0; padding: 10px; margin-top: 10px;"> <p> Note:</p> <p>This field is applicable only for the reports related to the termination of a derivative due to its inclusion in a position.</p> </div> |
| Execution Venue | Select the execution venue from the available list of values. <div style="border-left: 2px solid #0070C0; border-right: 2px solid #0070C0; border-bottom: 2px solid #0070C0; padding: 10px; margin-top: 10px;"> <p> Note:</p> <p>The execution venue is maintained manually in the Treasury Static Type maintenance screen by mapping Type as EX_Venue and Type Name as the Market Identifier Code (MIC). The execution venue maintained in this screen will be available to fetch from the execution venue list of values.</p> </div> |
| Clearing Member ID | Select the unique code from the displayed list for identifying the responsible clearing member ID of the reporting counterparty. |

Table 5-28 (Cont.) European Market Infrastructure Regulation - Field Descriptions

| Field | Description |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Trading Capacity | <p>Select the Trading Capacity from the drop-down list:</p> <ul style="list-style-type: none"> • Principal • Agent <p>Indicates whether the reporting counterparty has concluded the contract as principal on its account or as an agent for the account on behalf of a client.</p> |
| EEA Domicile | <p>Select the EEA Domicile check box, if the other counterparty is domiciled in the European Economic Area (EEA)</p> |
| Treasury Financing | <p>Select the Treasury Financing check box, if the contract is objectively measurable as directly linked to the reporting counterparty's commercial or treasury financing activity, as referred to in Art. 10(3) of Regulation (EU) No 648/2012. Indicates whether the contract is objectively measurable as directly linked to the reporting counterparty's commercial or treasury financing activity, as referred in Art. 10(3) of Regulation (EU) No 648/2012.</p> |
| Clearing Threshold | <p>Select Clearing Threshold from the drop-down list. The available options are:</p> <ul style="list-style-type: none"> • Above • Below <p>Indicates the information that the reporting counterparty is above the clearing threshold as referred to in Art. 10(3) of Regulation (EU) No 648/2012 or below the clearing threshold as referred to in Art. 2(8) Regulation (EU) No 648/2012.</p> |
| Collateralized | <p>Select the Collateralized value from the drop-down list. The drop-down list shows the following options:</p> <ul style="list-style-type: none"> • Uncollateralized • Partially Collateralized • One way Collateralized • Fully Collateralized |
| Collateral Portfolio | <p>Select the Collateral Portfolio check box, if the collateralization was performed on a portfolio basis.</p> <p>Indicates whether the collateralization was performed on a portfolio basis. A portfolio means the collateral is calculated based on net positions resulting from a set of contracts, rather than per trade.</p> |

Table 5-28 (Cont.) European Market Infrastructure Regulation - Field Descriptions

| Field | Description |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Collateral Portfolio Code | <p>Click the search icon and select the unique code of the Collateral Portfolio in this field.</p> <div style="border: 1px solid #ccc; background-color: #e6f2ff; padding: 10px; margin-top: 10px;"> <p> Note:</p> <p>If the collateral is reported on a portfolio basis, the portfolio should be identified by a unique code determined by the reporting counterparty.</p> </div> |
| Taxonomy Used | <p>Select the Taxonomy Used for the contract from the drop-down list. The drop-down list shows the following options:</p> <ul style="list-style-type: none"> • Product Identifier • ISIN/ALL • Interim Taxonomy |
| ISIN/All | <p>Specify the ISIN/All number, if ISIN/All option is selected in the Taxonomy Used field.</p> |
| Derivative Class | <p>Select the Derivative Class from the drop-down list, if the Interim Taxonomy option is selected in the Taxonomy Used field. The drop-down list shows the following options:</p> <ul style="list-style-type: none"> • Commodity • Credit • Currency • Equity • Interest Rate • Others |
| Derivative Type | <p>Select the Derivative Class from the drop-down list, if the Interim Taxonomy option is selected in the Taxonomy Used field. The drop-down list shows the following options:</p> <ul style="list-style-type: none"> • Contract for Difference • Forward Rate Agreement • Futures • Forward • Options • Swap • Others |
| Compression | <p>Select the Compression check box to indicate whether the contract results from a compression exercise.</p> |
| Clearing obligation | <p>Select the Clearing obligation check box to indicate whether the reported contract is subject to the clearing obligation under Regulation (EU) No 648/2012.</p> |

Table 5-28 (Cont.) European Market Infrastructure Regulation - Field Descriptions

| Field | Description |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Clearing | Select the Clearing check box to indicate whether clearing has taken place. |
| Clearing timestamp | Enter the time and date when clearing took place. |
| CCP | Click the search icon and select the unique code from the displayed list for identifying the reported contract is subject to the clearing obligation under Regulation (EU) No 648/2012. |
| Intragroup | Select the Intragroup check box, to Indicate whether the contract was entered into as an intra-group transaction, defined in Article 3 of Regulation (EU) No 648/2012. |
| Action Type | Select the Action Type from the drop-down list. The available options are: <ul style="list-style-type: none"> • New • Modify • Error • Cancel • Compression • Valuation Update • Others Indicates the action on the contract. |
| Action Type Details | Specify the details of the amendment, if the previous Action Type field is selected as Others . |
| Agreement Type | Select the agreement type from the displayed list of values or enter the type of agreement directly in the field. This field specifies the type of the agreement covering the transaction. The Agreement Type cannot be overwritten, as Master Agreement is maintained, default value from Agreement will be picked. |

Table 5-28 (Cont.) European Market Infrastructure Regulation - Field Descriptions

| Field | Description |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reporting Jurisdiction | <p>Select the supervisory party from the displayed list of values. This field specifies the supervisory party to which the trade needs to be reported.</p> <div style="border: 1px solid #0070C0; padding: 5px; margin-top: 10px;"> <p> Note:</p> <p>if Reporting jurisdiction is selected as OTHR, the Additional Reporting Details are required by the regulator. For more information, refer to Step 6 in section 2.5.1 Settlement details of Settlement User Guide. Reporting Jurisdiction cannot be overwritten as Master Agreement is maintained, default value from Agreement will be picked.</p> </div> |

5.2 Saving the Details of a Contract

This topic explains the concept of saving the contracts details using Save from the Actions menu in the Application tool-bar or by clicking the save icon.

Enter valid inputs into all the mandatory fields, or you will not be able to save the contract. After you have made the mandatory entries, save the contract by either selecting 'Save from the Actions menu in the Application tool-bar or by clicking the save icon. On saving the contract, your User Id will be displayed in the Entry By field at the bottom of the screen. The date and time at which you saved the deal will be displayed in the Date / Timefield.

A contract that you have entered should be authorized by a user bearing a different login ID before the EOD is run. Once the contract is authorized, the ID of the user who authorized the contract will be displayed in the Auth By field. The date and time at which the deal is authorized will be displayed in the Date/ Time field positioned next to the Auth By field.

The current status of the contract is also displayed in the field of Deal Status. The field will display one of the following: active, closed, expired, reversed, canceled, and on hold.

During the authorization of the contract, the External Payment System generates messages by applying the floating interest rate at that point in time. The system handles the payment messages in two different ways: In case maturity/ liquidation date falls before the settlement days of the currency, the messages are generated after authorization. In case maturity/ liquidation date is after the settlement days, the messages are generated on the settlement day (Maximum of both Legs of the transaction)

The payment messages are generated for the principal exchange and interest liquidation as of the system date. However, the system will not reset the floating rate of the interest schedules for which settlement messages are already generated.

The system will trigger the event DRVN (Rate Reset) once you save the DV contract with interest schedules. Subsequently, the SGEN event will be triggered on authorization.

When you enter a contract in Oracle Banking Treasury, it is assigned a version number of 1. From then on, each amendment of the contract results in its next version. When you come to the Derivatives Contract Input Detailed screen, the latest version of the contract will be displayed. To navigate between the versions of a deal use the below icons.

- Click the back arrow icon to view the previous version
- Click the forward arrow icon to view the next version.

5.3 Inflation Swap Processing

An inflation swap is a contract used to transfer inflation risk from one party to another through an exchange of fixed cash flows.

In an inflation swap, one party pays a fixed rate cash flow on a notional principal amount while the other party pays a floating rate linked to an inflation index, such as the Consumer Price Index (CPI). The party paying the floating rate pays the inflation adjusted rate multiplied by the notional principal amount. Usually, the principal does not change hands. Each cash flow comprises one leg of the swap.

Inflation Swaps (IIS) are derivatives contracts that enable one counterparty to transfer inflation risk to another. There are three types of the Inflation Swaps;

- Zero-coupon Swap (ZCIS) - The standard form in the inter-bank market is a Zero-coupon Swap, where the accrued inflation payment is only made at maturity based on the final index level, in exchange for the accrued fixed flows.
- Inflation Revenue Swap (INIS) (also called Inflation Income Swap). - It is an aggregation of the Zero-coupon Swaps.

Inflation Revenue Swap Indexation lag exist for INS because it takes time to process consumer price data and compute inflation numbers. Due to delay in processing time, price index is typically announced about two weeks after the month under consideration. The lag is currently 2 months in GBP, 3months in USD and EUR.

- [Zero-coupon Swap \(ZCIS\)](#)
Zero coupon is enabled through the Derivative Contract Input screen.
- [Inflation Revenue Swap](#)
This topic explains the Inflation revenue swap contract booking that can be enabled through the Derivative Contract Input screen.
- [Interpolation and Lag](#)
The Derivative Contract Input screen has the interpolation capability. It has two values 'None' and 'Linear'.

5.3.1 Zero-coupon Swap (ZCIS)

Zero coupon is enabled through the Derivative Contract Input screen.

For Zero coupon Inflation Swap, the system uses the formula and will generate the payment schedules, using Inflation index. The system to use the formula for the floating leg.

$$N * [P(T_M) / P_0 - 1]$$

where, P_0 and P(T_M) are the initial price index and the final price index respectively.

The compounding formula for the Fixed Leg is:

$$\text{Inflation linked coupon formula} = N * ((RPI_t / RPI_0) - 1) * (\text{Days/Year}) / 100$$

where,

- N=Notional Amount.
- RPI_t= Reference Rate at the time of payment.
- RPI₀= Reference base Rate at the time of Deal booking.

$$\text{Fixed Rate Formula} = N * ((1+r)^n - 1)$$

where,

- N=Notional Amount.
- n=number of period.
- r= Interest Rate.

Below is the example for Zero Coupon Swaps:

Table 5-29 Inflation Index defined

| UK-Non-revised Retail Price Index (UKRPI) | GBP |
|-------------------------------------------|-------|
| 2015 MAR | 257.1 |
| 2015 APR | 258.0 |
| 2015 MAY | 258.5 |
| 2015 JUN | 258.9 |
| 2015 JUL | 258.6 |
| 2019 MAR | 285.1 |
| 2019 APR | 288.2 |
| 2019 MAY | 289.2 |
| 2019 JUN | 289.6 |
| 2019 JUL | 289.5 |

Table 5-30 Zero Coupon swap contract details

| Deal Details | Values |
|-----------------|-----------|
| Buy or Sell | Buy |
| Trade Date | 25-May-15 |
| Tenor (T) | 4 Years |
| Value Date | 1-Jun-15 |
| Maturity Date | 1-Jun-19 |
| Notional Amount | 100,000 |

Table 5-31 In and Out Leg Details

| Deal | Details 1 | Details 2 |
|---------------------------|------------------|---------------|
| NA | In Leg (Receive) | Out Leg (Pay) |
| Currency | GBP | GBP |
| Notional Amount (P) | 100,000 | 100,000 |
| Rate Type | Indexed | Fixed |
| Rate | - | 2.50% |
| Rate Code | UKRPI | - |
| Tenor Code | 1M | - |
| Interpolation Method | - | - |
| Interest Computation | Simple | Compound |
| Compounding Frequency (n) | - | Yearly |

Table 5-32 Zero Coupon schedules for In Leg

| Deal Details | Values |
|-------------------------|-----------|
| Period Start (TS) | 1-Jun-15 |
| Period End (TE) | 1-Jun-19 |
| No. of Days (D) = TE-TS | 1440 |
| Receive Principal (P) | 100,000 |
| Index Value (IT) | 285.1 |
| Receive Interest (RI) | 10,890.70 |

Table 5-33 Zero Coupon schedules for Out Leg

| Deal Details | Values |
|-------------------------|-----------|
| Period Start (TS) | 1-Jun-15 |
| Period End (TE) | 1-Jun-19 |
| No. of Days (D) = TE-TS | 1440 |
| Pay Principal (P) | 100,000 |
| Rate (R) | 2.50% |
| Pay Interest (PI) | 10,381.29 |
| Net Cashflow (RI-PI) | 509.41 |

Table 5-34 Inflation swap contract details

| Deal Details | Values |
|-----------------|-----------|
| Buy or Sell | Sell |
| Trade Date | 15-May-15 |
| Tenor (T) | 4 Years |
| Value Date | 18-May-15 |
| Maturity Date | 18-May-20 |
| Notional Amount | 100,000 |

Table 5-35 Inflation Swap Example

| Deal Details | Values | Values |
|---------------------------|------------------|---------------|
| - | In Leg (Receive) | Out Leg (Pay) |
| Currency | USD | USD |
| Notional Amount (P) | 100,000 | 100,000 |
| Rate Type | Fixed | Indexed |
| Rate | 1.73% | - |
| Rate Code | - | CPURNSA |
| Tenor Code | - | 1M |
| Interpolation Method | - | Linear |
| Interest Computation | Compound | Simple |
| Compounding Frequency (n) | Yearly | - |

Table 5-36 Inflation Swap for In-leg

| Deal Details | Values |
|-------------------------|-----------|
| Period Start (TS) | 18-May-15 |
| Period End (TE) | 18-May-16 |
| No. of Days (D) = TE-TS | 366 |
| Receive Principal (P) | 100,000 |
| Index Value (IT) | 1.73% |
| Receive Interest (RI) | 1,734.78 |

Table 5-37 Inflation Swap for Out-leg

| Deal Details | Values |
|-------------------------|-----------|
| Period Start (TS) | 18-May-15 |
| Period End (TE) | 18-May-16 |
| No. of Days (D) = TE-TS | 366 |
| Pay Principal (P) | 100,000 |

Table 5-37 (Cont.) Inflation Swap for Out-leg

| Deal Details | Values |
|----------------------|----------|
| Index Value (IT) | 238.772 |
| Pay Interest (PI) | 1,007.13 |
| Net Cashflow (RI-PI) | 727.65 |

5.3.2 Inflation Revenue Swap

This topic explains the Inflation revenue swap contract booking that can be enabled through the Derivative Contract Input screen.

Given a set of dates T_1, \dots, T_M , In an Inflation Revenue Swap, at each time T_i , assuming $T_i = N$ years, the fixed rate payer pays the fixed rate receiver the fixed amount

$$N * [(1 + K)^N - 1]$$

where K and N are, respectively, the contract fixed rate and nominal value.

In exchange for this fixed payment, the fixed rate receiver pays the fixed rate payer, at each time T_i , the floating amount

$$N * [P(T_i) / P_0 - 1]$$

where P_0 and $P(T_i)$ are, respectively, the initial price index and the price index at time T_i .

System supports compounding coupon calculation for the following frequencies:

- Daily
- Weekly
- Monthly
- Quarterly
- Half yearly
- Yearly

Below is the example for Interest Rate Swaps:

Table 5-38 Inflation Index

| US-Non-revised Consumer Price Index (CPURNSA) - USD | US-Non-revised Consumer Price Index (CPURNSA) - USD |
|-----------------------------------------------------|-----------------------------------------------------|
| 2015 MAR | 236.119 |
| 2015 APR | 236.599 |
| 2015 MAY | 237.805 |
| 2016 MAR | 238.132 |
| 2016 APR | 239.261 |
| 2016 MAY | 240.236 |
| 2017 MAR | 243.801 |
| 2017 APR | 244.524 |

Table 5-38 (Cont.) Inflation Index

| US-Non-revised Consumer Price Index (CPURNSA) - USD | US-Non-revised Consumer Price Index (CPURNSA) - USD |
|-----------------------------------------------------|-----------------------------------------------------|
| 2017 MAY | 244.733 |
| 2018 MAR | 249.554 |
| 2018 APR | 250.546 |
| 2018 MAY | 251.588 |
| 2019 MAR | 254.202 |
| 2019 APR | 255.548 |
| 2019 MAY | 256.092 |
| 2020 MAR | 258.115 |
| 2020 APR | 256.389 |
| 2020 MAY | 256.394 |

Table 5-39 Inflation swap contract details

| Deal Details | Values |
|-----------------|-----------|
| Buy or Sell | Sell |
| Trade Date | 15-May-15 |
| Tenor (T) | 4 Years |
| Value Date | 18-May-15 |
| Maturity Date | 18-May-20 |
| Notional Amount | 100,000 |

Table 5-40 Inflation Swap Deal Details

| Deal details | Values | Values |
|---------------------------|------------------|---------------|
| NA | In Leg (Receive) | Out Leg (Pay) |
| Currency | USD | USD |
| Notional Amount (P) | 100,000 | 100,000 |
| Rate Type | Fixed | Indexed |
| Rate | 1.73% | - |
| Rate Code | - | CPURNSA |
| Tenor Code | - | 1M |
| Interpolation Method | - | Linear |
| Interest Computation | Compound | Simple |
| Compounding Frequency (n) | Yearly | - |

Table 5-41 Inflation Swap for In-Leg

| Deal Details | Values |
|-------------------------|-----------|
| Period Start (TS) | 18-May-15 |
| Period End (TE) | 18-May-16 |
| No. of Days (D) = TE-TS | 366 |
| Receive Principal (P) | 100,000 |
| Index Value (IT) | 1.73% |
| Receive Interest (RI) | 1,734.78 |

Table 5-42 Inflation Swap for Out-Leg

| Deal Details | Values |
|-------------------------|-----------|
| Period Start (TS) | 18-May-15 |
| Period End (TE) | 18-May-16 |
| No. of Days (D) = TE-TS | 366 |
| Pay Principal (P) | 100,000 |
| Index Value (IT) | 238.772 |
| Pay Interest (PI) | 1,007.13 |
| Net Cashflow (RI-PI) | 727.65 |

5.3.3 Interpolation and Lag

The Derivative Contract Input screen has the interpolation capability. It has two values 'None' and 'Linear'.

It takes time to process consumer price data and compute inflation numbers. Due to the processing time, price index is, typically, announced about two weeks after the month under consideration. This is the reason for indexation lags. The lag is currently 2 months in GBP, 3 months in USD and EUR.

In the case of USD Inflation Swap, Linear Interpolation is applied to compute the reference price index. The reference number for the first of any calendar month equals the index value of the calendar month three months earlier. $P(01\text{-May-19})=CPI(\text{Feb-19})$, $P(01\text{-Jun-19})=CPI(\text{Mar-19})$, and so on. The reference numbers for other dates can then be computed using Linear Interpolation of the reference numbers of the first days of the calendar months. In general, the daily reference number can be computed as follows:

Interpolation: Applied formula $P_t = P_{t1} + (d_t - 1) / D_t * (P_{t2} - P_{t1})$

where,

- P_{t1} is the price index lagged 3 months.
- P_{t2} is the price index lagged 2 months.
- d_t is day of the reference date.
- D_t is number of days in the month containing the reference date.

Interpolated Index to be applied on schedules = Initial Index+ Slope* Period

Slope = Index Diff/Time Diff

5.4 Processing Amendment on Derivatives Contract Details Screen

This topic describes the amendment processing using the **Derivatives Contract Details** screen.

You can amend derivative deals from Contract input screen, system allows amendment of In leg and Out Leg Principal amounts upon pressing the unlock button. The Principal amount can be either increased or decreased during the life cycle of the contract even after initiation and authorization.

On such financial amendment operation system accepts it as a plain amendment with version change triggering Derivatives amendment (DAMN) event posting principal increase or decrease entries. An amendment confirmation gets generated on amendment event.

On Amendment, the notional amount is updated in the principal schedule as well as on principal explode.

When in leg principal is amended, out leg principal is also recalculated based on the exchange rate.

Accrual after amendment should be posted with New notional amount.

Cash flow should show a separate row for amendment. Only the amended amount is shown with pay or receive based on increase or decrease of the notional leg. Interest cash flow is updated based on the latest outstanding amount.

On notional amendment for a amortized schedule contract, system adjusts the amended amount for future schedule.

On the notional amendment, system automatically inserts a record in principal schedule with next payment schedule having split of amended notional amount. Past principal schedule should be disabled.

If user explodes the schedule after amendment, the system rebuilds the schedule. If user saves amendment without exploding the schedules, system rebuilds schedule on save.

5.5 View Derivative Contract Details

This topic describes the systematic instruction to process derivative contract details.

1. On Homescreen, type **DVSTRONL** in the text box, and click next arrow.

The **Derivative Contract Summary** screen is displayed.

Figure 5-26 Derivative Contract Summary

2. On **Derivative Contract Summary** screen, specify the fields.

Table 5-43 Derivatives Contract Summary Field Description

| Field | Description |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Recommended Field | <p>Contract Reference Number</p> <p>On screen launch, the application default with the Branch code value followed by % in the Contract Reference Number field. Click the Search button to display the contract summary.</p> <p>Alternatively, you can select the reference number from the option list. The list displays all valid reference numbers maintained in the system.</p> |
| Optional Fields | <p>Select any one or all of the parameters from the Optional Field in the summary screen and click the Search button. The records meeting the selected criteria are displayed in the summary screen.</p> |

Click **Search** to view all the pending functions. However, you can filter your search, based on any of the following criteria:

- Product Code
- Contract Reference Number
- User Reference
- Contract Status
- Authorization Status
- Contract Type
- Customer
- In Leg Currency
- In Principal Amount
- Out Leg Currency

- Product Code
 - Contract Reference
 - User Reference
 - User Reference
 - Contract Status
 - Authorization Status
 - Contract Type
 - Customer
 - Booking Date
 - Trade Date
 - Value Date
 - Maturity Date
 - In Leg Currency
 - In Principal Amount
 - Out Leg Currency
 - Out Principal Amount
 - Branch Code
 - Checker ID
 - Maker Id
3. Click **Search**.

The records matching the specified search criteria are displayed. For each record fetched by the system, based on your query criteria, the following details are displayed:

5.6 Contract Upload

This topic explains how to upload a contract, amendment fee processing, and upload derivative rate.

This section contains the following sub-topics:

- [Upload Contracts for Amendment](#)
- [Note on DV Contract Amendment Upload](#)
- [Processing Amendment fee from Contract input screen](#)
- [Upload Derivative Rates](#)
- [Validations](#)

5.6.1 Upload Contracts for Amendment

From an external system, you can upload contracts that require amendment in Oracle Banking Treasury. The system will distinguish between the new and the contracts that require amendment based on the action code of the uploaded record. For a contract

requiring amendment, the action code will be AMND. If the action code is AMND, Oracle Banking Treasury will first check whether the contract exists in the system or not. If the contract does not exist in the system, an error message will be displayed to notify that the contract cannot be amended.

The Reference Number provided by the external system has to same if it is an amendment to an existing contract. The User Reference Number will be the basis for checking whether the contract exists or not.

The upload for the contract amendment will trigger the DAMN event. The same event is triggered even when you amend the Derivatives Contract Input screen.

The fields that can be amended for the Derivatives module through external system upload are as follows:

- Remarks
- Rate Type (IN LEG)
- Rate (IN LEG)
- Rate Type (OUT LEG)
- Rate (OUT LEG)
- Reval Required
- Reval Netting Required
- Reval Method
- Holiday Treatment
- Holiday Currency
- Finance Centre
- Holiday Movement
- Move Across Months
- Inception Value

5.6.2 Note on DV Contract Amendment Upload

The following fields are sent by the external system as amendment upload:

- Internal Remarks
- Rate Type (In & Out)
- Rate Code (In & Out)
- Rate Source (In & Out)
- Tenor Code
- Spread
- Interest Rate
- Remarks

Table 5-44 Contract Amendment Upload

| Content | Description |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Interest Details | Accrual Allowed Flag Numerator & Denominator Method Denominator Basis |
| Liquidation Details | Auto Settlement flag Numerator and Denominator Method Denominator Basis |
| Payment Details | Rate Denominator Basis Payment Method Discount Rate basis Discount Rate Floating Component Discount Rate Source Discount Rate Code Discount Tenor Code Discount Rate Spread |
| Schedules | Holiday Treatment Currency / Financial Centre Holiday Movement Cascade Schedules flag Move across month flag Schedule Details |
| Revision | Reset Date Basis Revision Details |
| In leg and out leg Principal amounts | Principal amounts can be increased or decreased. |

A financial amendment of principle, schedules is allowed through the External system (Gateway) and user interface through unlock operation.

The following points are noteworthy:

- In such a case, the system modifies the fields and accepts as a version change on the existing contract reference.
- In case of a financial amendment, the system generates an amendment confirmation message as part of the DAMN event for the existing deal. This applies to both mail messages and SWIFT messages.
- Any amendment of a contract is not allowed if the contract is canceled or liquidated or reversed (for a contract status L, V or D).

5.6.3 Processing Amendment fee from Contract input screen

Amendment fee details such as Amendment fee amount, fee currency, fee indicator pay or receive and fee Settlement date which can be on a future date and not necessarily on the amendment date can be captured under addition tab of derivative

contract input screen during an amendment operation in case if amendment fee is to be collected or paid to the counterparty.

On the Fee settlement date during batch process amendment fee will be applied on the contract and Fee liquidation event FELR will be triggered posting accounting entries. Payment message based on the customer type, account and currency configured SGEN days will get generated according to the fee settlement date.

Amendment fee amount can only be a positive value and Fee settlement date cannot be less than the application date.

5.6.4 Upload Derivative Rates

Oracle Banking Treasury allows the uploading of derivative rates. During the upload, Oracle Banking Treasury expects the following information to be present in the upload message:

- Rate Code
- Rate Source
- Tenor Code
- Currency

If any of these values are missing for any record, then the system will raise an error.

Validations

- If the effective date is Null, then the current application date defaults.
- All the validations are performed for the received fields.

Based on the data, it identifies whether the request is creation or amendment. For new records, new maintenance is created else, the details of the existing record are updated.

During the upload, even if one record fails to process, the entire upload will get rejected.

5.6.5 Validations

- If the effective date is Null, then the current application date defaults.
- All the validations are performed for the received fields.

Based on the data, it identifies whether the request is creation or amendment. For new records, new maintenance is created else, the details of the existing record are updated.

During the upload, even if one record fails to process, the entire upload will get rejected.

5.7 Schedule Confirmation

This topic describes the schedule confirmation, confirm interest and principal schedules, and confirm a schedule.

This topic contains the following sub-topic:

- [Confirm Interest and Principal Schedules](#)
- [Confirm a schedule](#)

5.7.1 Confirm Interest and Principal Schedules

The interest and principal schedules (for FRAs/ Single / Cross-currency swaps) defined for a derivative contract would typically be confirmed by the counterparty involved in the contract. In Oracle Banking Treasury you can capture the details of each such confirmation received.

The details that need to be confirmed have to be entered in the Confirmation screen, available under the Derivatives Menu in the Application Browser.

The schedule details about the contract are automatically populated in the Confirmation screen upon authorization of the contract.

The following details are displayed in the screen:

Table 5-45 Confirmation - Field Description

| Field | Description |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Schedule Date | The date on which a particular component falls due. |
| Component | The various principal and interest components for which the confirmation is being processed. The components displayed depend on the rate type associated with them. All the components for which the rate type is fixed are displayed. In the case of a floating rate type, only those components that have undergone a rate revision will be displayed. |
| Amount | The amount due to each schedule. If you have opted for netting at the contract level, the amount displayed will be netted, provided the components due for settlement are in the same currency and have the same schedule date. The components are always netted against the main component, specified for the In Leg of the contract. The netted amount is displayed against the main component. |
| Currency | The amount due to each schedule will be settled in the currency is displayed. |
| Pay/Receive | Indicates whether the components are payables or receivables. The value displayed may be: <ul style="list-style-type: none"> • O (Outgoing/Payable), or • I (Incoming/Receivable) |

5.7.2 Confirm a schedule

Mark the schedules, for which confirmation is required from the counterparty. Select the Confirmation option (by checking the C option) for each schedule.

At the time of saving the record, the system triggers the Derivative Schedule Confirmation (DCON) event for the selected schedules on the relevant Derivatives contract. You can view this event at the contract level by invoking the Contract Input screen and click events.

After the confirmation is saved, the contract status becomes unauthorized. On authorization of the confirmation, through the Confirmation screen, the contract status is also updated to Authorized.

 **Note:**

After you authorize the record (the A option appears checked), it is not allowed to make any modifications in the Schedule Confirmation screen about a confirmed schedule. If the counter-party confirms another schedule, later on, the above process must be repeated for the relevant schedule.

5.8 Reassign contract to another user

This topic describes the systematic instruction to reassign topics to another user.

A contract is deleted only by the user who entered it. If a contract has to be deleted and the user who inputs the same is not available to do it, you can reassign the contract to another user, so that the other user can delete it. Typically, this situation may arise during EOD operations, when a contract that is not authorized, has to be deleted, and the user who inputs has left the office for the day.

1. On the Home page, type **DVDTREAS** in the text box, and click next arrow.
Derivative Contract Reassign screen is displayed.

Figure 5-27 Derivative Contract Reassign

2. On **Derivative Contract Reassign** screen, specify the fields, and click Exit.

For more information of fields, refer to the below table.

To reassign a contract to another user, the following steps are required:

Table 5-46 Derivative Contract Reassign - Field Description

| Field | Description |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Product Code | Indicate the product associated with the contract. Select a product code from the option list, which contains a list of the authorized products that you have created. |

Table 5-46 (Cont.) Derivative Contract Reassign - Field Description

| Field | Description |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contract Reference | Indicate the contract reference number of the derivative, you wish to reassign to another user. Select a reference number from the option list, which contains a list of all the active derivative contracts. |
| New User Identity | <p>Select the User ID of the user to whom the contract is assigned.</p> <div style="border: 1px solid #0070c0; padding: 5px; margin: 10px 0;"> <p> Note:</p> <p>This user to whom you reassign a contract should have access rights to enter derivative contracts.</p> </div> <p>User ID will default from the login screen. Select Save from the Actions menu in the Application toolbar or click save icon to save the specifications you have made. Click Exit or Cancel, if you do not want to save the details that you entered.</p> |

5.9 ISDA Confirmation

This topic describes the details to capture the confirmation check for derivative deal events.

Using this ISDA check at deal product level, the trigger of an authorized event at contract level would trigger creation of a record in this screen with details used from the contract.

ISDA confirmations are designed to confirm the terms of a trade and will not have any processing impact for the contract.

ISDA confirmation status will be marked as unconfirmed by default and would be manually updated by a user action to confirm once the ISDA confirmation is counter-signed and agreed by both the parties of the trade

During the processing of the DV contract, a record is available for ISDA confirmation based on the event, if the product has the ISDA confirmation check applicable for that particular event.

1. On the Home page, type **DVDISDCO** in the text box, and click the next arrow.

ISDA Confirmation screen is displayed.

Figure 5-28 ISDA Confirmation

2. On the **ISDA Confirmation** screen, click **Enter Query**.
3. Specify the details as per requirement and execute query.

You will have three options:

- **Unlock:** This allows you to make changes to the record if the record is not authorized. After Unlock user you will have a option to save the changes.
- **Authorize:** This option allows authorization of a record by a user different from the maker of the record. The Authorize sub screen displays same options as the Authorize screens. If a record is unconfirmed and another user is trying to authorize the record then he will get a message “Record is not confirmed”.
- **Print:** This option allows the user to print a record.

The list of the events below are applicable to ISDA confirmation in DV:

Table 5-47 ISDA confirmation - Events

| Events | Description |
|--------|----------------------|
| DAMN | Contract Amendment |
| DBOK | Contract Booking |
| DTER | Contract Termination |

For information on fields, refer to: below table.

Table 5-48 ISDA Confirmation - Field Description

| Field | Description |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contract reference | This is the number assigned in the contract online screen of the respective instrument. This field as non-amendable for a record and mandatory for any query |
| Event | This displays the list of events allowed for ISDA confirmation for the product code used in the contract which is non amendable for a record and mandatory for a query. |

Table 5-48 (Cont.) ISDA Confirmation - Field Description

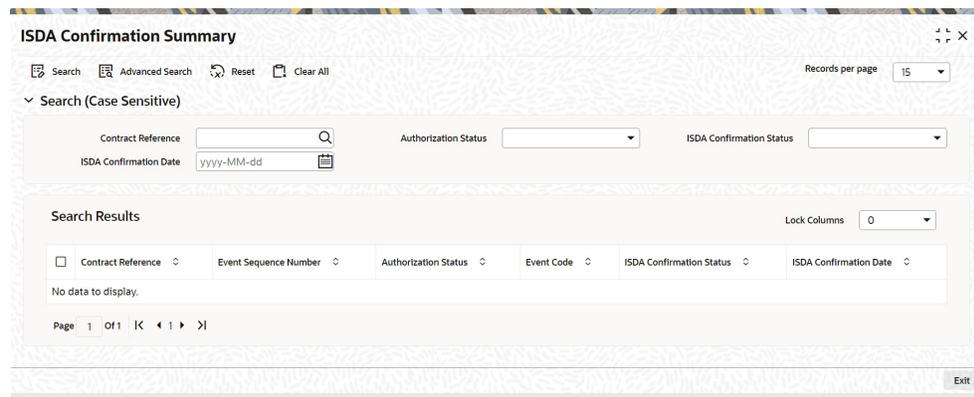
| Field | Description |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Event Sequence | This displays the event seq no. as generated in contract online screen. To be useful for cases where an event is triggered more than once which is non amendable for a record and mandatory for a query. |
| Event Description | This displays the description of the non amendable event. |
| ISDA Confirmation Date | <p>This field allows you to select the date of the event.</p> <div style="border: 1px solid #ccc; background-color: #e6f2ff; padding: 10px;"> <p> Note:</p> <p>By default this is same as system date. This date cannot be more than system date and can be back dated till the Booking date of the contract.</p> </div> |
| ISDA confirmation Status | <p>This field allows you to allow the user to select:</p> <ul style="list-style-type: none"> • Confirmed • Unconfirmed <div style="border: 1px solid #ccc; background-color: #e6f2ff; padding: 10px;"> <p> Note:</p> <p>Note: By default all the records created in this screen are unauthorized and require manual action to confirm the same.</p> </div> |

- [ISDA Confirm Summary](#)

5.9.1 ISDA Confirm Summary

1. On the Home page, type **DVSISDCO** in the text box, and click the next arrow.
ISDA Confirmation Summary screen is displayed.

Figure 5-29 ISDA Confirmation Summary Screen



2. Choose the entry from the list displayed and authorize the entry in the ISDA Confirmation screen based on the confirmation.

5.10 Rate Fixing

This topic describes the rate fixing, Treasury branch parameter maintenance, Treasury rate fixing maintenance, Derivative product definition, Transaction input, Rate fixing process, Manual principal reset processing on CCS deals, Manual principal reset summary, Manual principal reset processing from UI, Manual principal reset processing on CCS deals, and CCS principal reset EOD processing.

The System allows you to define the Rate fixing days and the Fixing date movement as a market standard based on the specified rate code and currency combination in a predefined frequency.

- [Treasury Branch Parameter Maintenance](#)
- [Treasury Rate Fixing Maintenance](#)
- [Derivative Product Definition](#)
- [Transaction Input](#)
- [Rate fixing process](#)
- [Manual principal reset processing on CCS deals](#)
- [Manual Principal Reset Summary](#)
- [Manual Principal Reset Processing from UI](#)
- [Manual Principal Reset Processing on CCS deals](#)
- [CCS Principal Reset EOD Processing](#)

5.10.1 Treasury Branch Parameter Maintenance

1. On the Home page, type **STDTRBRN** in the text box, and click the next arrow.
Treasury Branch Parameter Maintenance screen is displayed.

Figure 5-30 Treasury Branch Parameter Maintenance

2. On the **Treasury Branch Parameter Maintenance** screen, specify the details as required.

For more information, refer to the *Core Entities and Services User Manual*, section 2.2 *Treasury Branch Parameters Maintenance*

5.10.2 Treasury Rate Fixing Maintenance

The Floating Rate is fixed for every period for the cash flow settlement of the floating rate leg. The Rate fixing days is defined based on trade-to-trade basis. The system allows you fix the floating rate in advance or at the end of the period based on the rate fixing days and movement set for the trade.

1. On the Home page, type **TRDRTFXD** in the text box, and click the next arrow.

Treasury Rate Fixing Maintenance screen is displayed.

Figure 5-31 Treasury Rate Fixing Maintenance

2. On the **Treasury Rate Fixing Maintenance** screen, Specify the details as required.

 **Note:**

The system allows the Manual Rate fixing through interface/web service.
The Event RTFX is triggered on authorization of rate fixing.

For more information, refer to the *Interest User Manual, Chapter 2, Section 2.4 Treasury Rate Fixing Maintenance*.

5.10.3 Derivative Product Definition

The system will fetch the values maintained in Interest Currency Limits under interest component maintenance for processing (defaulting at the contract/transaction Input level).

For more information, refer to: the *Interest Details* section.

5.10.4 Transaction Input

The Contract Input screen defaults the values maintained in the product definition screen. These values defined by users in the transaction input screen is used for validation of holiday calendars.

5.10.5 Rate fixing process

As a treasury Management system, OBTR can handle rate-fixing procedure on floating interest rate type of contracts. Interest rate for floating transactions are adjusted from time to time at an agreed upon frequency and date. Floating interest rates typically change based on a reference rate.

On the fixing date, the rate is set according to a predetermined index, plus a spread. After a rate fix the floating interest rate is established for the next period. System triggers a new Rate fixing event RTFX through online process and an outgoing confirmation message mapped to rate fixing event generates instantly notifying the new rate and interest amount.

On the scheduled revision date the rate fixed comes into effect, the rate revision event picks the rate fixed during the rate fixing process and further accruals happen on the new revised rate.

If rate fixing event is not processed either manually from the Rate fixing screen or during BOD batch then during MM EOD batch processing system checks for effective date rate and if available, rate fixing is processed based on the flag set for Proceed with previous available rate.

At the **Treasury branch parameter maintenance** screen **STDTRBN**, a preference check Proceed with previous available rate is introduced and is considered during both rate revision and rate fixing process during EOD. Default value of this field is checked.

In case when **Proceed with previous available rate preference** is enabled, during EOD processing system will check for rate availability for that particular effective date in the Floating rate table and if rates are not available for that date, then Rate fixing & revision event will be applied on instruments with the previous latest rate available in the system.

Whereas when **Proceed with previous available rate** check box is not selected, during EOD processing system skips the Rate fixing and revision event on respective contract in case when the rate for that effective date is not available.

For every revision schedule, a new rate-fixing event RTFX will trigger at the contract level and rate fixing is applied during EOD processing. The system supports generation of SWIFT MT362 message and mail advice mapped to the RTFX event. In case of a forward movement on fixing days from the revision effective date, rate fix will happen after the revision effective date and interest catch up entries are posted during EOD processing.

 **Note:**

For more information on Treasury Manual Rate fixing and Treasury Manual Rate Fixing Summary, refer to the *Interest User Manual, Chapter 2, Section 2.12 Treasury Manual Rate Fixing and 2.13 Treasury Manual Rate Fixing Summary.*

5.10.6 Manual principal reset processing on CCS deals

1. On the Home page, type **DVDPRSET** in the text box, and click the next arrow. **Contract Manual Principal Reset** screen is displayed.

Figure 5-32 Contract Manual Principal Reset

2. On the **Contract Manual Principal Reset** screen, click **New**.
3. On the **Contract Manual Principal Reset** screen, Specify the details as required. For information on fields refer to the below table:

Table 5-49 Contract Manual Principal Reset

| Fields | Description |
|----------------------------------|-------------------------------------------------------------------------------------|
| Contract Reference Number | Select the reference number from the list displayed. |
| Counter Party | Counter Party Details from the selected deal is populated. |
| Description | Details from the selected deal is populated. |
| Transaction Date | Default date is the current date, you are allowed to change the date to a backdate. |
| Product | Details from the selected deal is populated. |
| Product Description | Details from the selected deal is populated. |
| Source System | Details from the selected deal is populated. |
| Type | Details from the selected deal is populated. |
| Type Description | Details from the selected deal is populated. |

5.10.7 Manual Principal Reset Summary

1. On the Home page, type in the text box, and click the next arrow.

Manual Principal Reset Summary screen is displayed.

Figure 5-33 Manual Principal Reset Summary

2. On the **Manual Principal Reset** screen, specify the details as required.

The Following details are displayed here:

- Authorization Status
- Contract Status
- Counterparty
- Contract Reference
- Source System
- Event Code
- Exchange Rate

- Change in Principal
- Marker Id
- Checker Id

5.10.8 Manual Principal Reset Processing from UI

The system will fetch the contract reference of resettable CCS for Principal Reset and defaults all the values applicable for Principal reset from the contract details. Exchange rate defaults from the currency exchange rate maintenance, and the user are allowed to overwrite the same.

Based on the exchange rate of in leg and out leg currency, the change is principal is calculated, and the amount type is selected as increase or decrease. All fields except the exchange rate are read only from this new screen.

View the advices linked to the principal reset event from this screen, and the user is allowed to suppress any message if required.

Upon save of record new event principal reset DPRS triggers, and MT362 swift message generates detailing the reset principal amount. Payment of resettable leg will generate as per the SGEN days of resettable currency from the principal reset scheduled start date.

Reversal of Principal reset event after authorization is possible from this screen. A new principal reversal event DPRV fires generating Reversal swift message for MT 362. Payment message if already sent will also be reversed.

After a reversal of principal reset, the same contract reference is available for another principal reset event on or before the principal reset schedule date.

The transaction date be before or on the principal reset scheduled start date. Both Reversal and backdated operations of Principal reset are not permitted beyond the principal reset scheduled start date. Upon every schedule, principal reset the respective reset details are auto-populated to the explode of principal schedules at DV contract input screen. Events and messages generated can be viewed.

5.10.9 Manual Principal Reset Processing on CCS deals

In case of a CCS deal, on the FX fixing date, which is possible on or before the Principal reset schedule date, the Principal reset amount is derived based on the exchange rate of in leg and out leg currency.

On save of principal reset record on the FX fixing date for a CCS deal, the event DPRS – Derivatives principal reset event will fire with no accounting entries.

MT 362 – Interest Rate Reset / Advice of payment SWIFT confirmation is generated online mapped to the DPRS event.

DPRS – Derivatives principal reset event supports the mail advice generation.

For CCS deals after every principal reset, there is a cash settlement process, and hence payment message generation should be supported. Either a MT 210 or a MT 202 depending on the principal increase or decrease should be handed off to OBPM based on SGEN days maintained for the resettable currency.

On the Principal reset schedule, date DPLQ event will fire posting the actual entries of Principal Increase or decrease on one of the resettable legs. The Interest accruals'

DIAC event is calculated on the revised principal amount from the scheduled start date, and during Interest liquidation accrued amount to be considered for cash flows.

Principal reset record saved on the fixing date can also be reversed before the principal reset schedule date.

Upon reversal, either via UI or Gateway the event DPRV Derivatives Principal Reset Reversal will trigger. If the payment message is already generated, then the same is reversed.

Through the gateway or UI, the principal reset is done on or before the principal reset schedule date.

5.10.10 CCS Principal Reset EOD Processing

If the preference field Manual Principal Reset Required is checked then CCS type of contracts on the fixing date when principal reset request is not received from external System nor manually reset through the new screen then during the EOD batch the process of Principal reset on concerned contracts is executed. The respective Principal schedule reset is skipped, and the principal reset event should be pending /overdue from schedule date.

When the Manual Principal Reset Required is unchecked, during the EOD of Fixing date the process of Principal reset on concerned CCS contracts is auto executed, System picks the exchange rate available between the in the leg and out leg currency, and the respective schedule reset is triggered.

New Principal Reset event DPRS is triggered on the EOD of fixing the date.

Confirmation messages linked to Principal reset event DPRS is generated as part of EOD Processing.

Payment message is generated based on the SGEN days of resettable currency.

On the Principal reset schedule date, event DPLQ- Derivatives Principal liquidation will fire posting the actual entries of Principal Increase or decrease on the resettable leg.

During EOD if for a specific principal reset schedule fixing has not happened or fixing is reversed and later no fixing again then a dummy DPRS event will fire on principal reset schedule EOD date with zero change in principal. There will not be any message generation on such reset dates.

For plain CCS deals on the principal schedule date system will do a principal liquidation based on the available principal amount.

5.11 Manual Liquidation

A new screen is introduced to enable Online manual liquidation on Derivative type of contracts. The contracts that are due on the scheduled date or after the scheduled date can be manually liquidated through this manual liquidation screen.

- [Processing Manual Liquidation](#)
This topic describes the systematic information to perform Manual Liquidation on Derivative type contracts.
- [Input of Manual Liquidation](#)
This topic describes the process to view the manual liquidation details.

5.11.1 Processing Manual Liquidation

This topic describes the systematic information to perform Manual Liquidation on Derivative type contracts.

The various components in a deal are liquidated either automatically or manually. The mode of liquidation of each component is specified at the time of deal booking. In deal input screen **DVDTRONL**, the **Auto settlement** check box on each leg component of interest and principal subsystem can be used to indicate if the liquidation is Manual or Auto.

An automatic settlement is done on schedule payment days by the Automatic Contract Update program. Even if you have defined a deal with automatic liquidation, you can liquidate it manually on or after the schedule date through the Manual liquidation screen.

1. On the Home page, enter **DVDTRPAY** in the text field and then click the next arrow.

The **Manual Liquidation** screen is displayed.

Figure 5-34 Manual Liquidation

The screenshot displays the 'Manual Liquidation' interface. At the top, there are 'New' and 'Enter Query' buttons. The main area is divided into several sections:

- Contract Details:** Includes fields for Contract Reference (with a search icon), Counterparty, and Counter Party Name (with a comment icon).
- Dates and Amounts:** Includes Value Date, Transaction Date, and a 'Default' button.
- Transaction Reference no:** Includes fields for Product and Product Description.
- Amount Settled:** Includes a field for Amount Settled and a field for Payment Remarks.
- Payment Breakup:** A table with columns: Component, Currency, Pay Receive, Due Amount, Amount Overdue, and Total Due. The table is currently empty, showing 'No data to display.' and a pagination bar for 'Page 1 (0 of 0 items)'.

At the bottom, there are buttons for 'Settlement', 'Advice', 'Audit', and 'Exit'.

2. On the **Manual Liquidation** screen, click New and specify the fields. For more information on the fields, refer to the below table.

Table 5-50 Manual Liquidation- Field Description

| Field | Description |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contract Reference | Enter the Contract Reference Number or Select the Contract Reference number from the displayed list of values. The system displays the below contract details based on the selected contract: <ul style="list-style-type: none"> • Counterparty number • Product Code • Counterparty Name • Product Description |
| Transaction Reference | The System generates a unique reference number on save of manual liquidation. |
| Value Date | Enter the Value Date that is the schedule due date and click Default. |
| Transaction Date | The system displays the default branch date. |
| Amount Settled | The system displays the out leg settled amount. |
| Payment Remarks | Enter Payment Remarks if any in this field. |
| Payment Breakup | In the Payment Breakup section, the system displays the default values for the below fields: <ul style="list-style-type: none"> • Component • Currency • Pay/Receive • Due Amount • Amount Overdue • Total Due |

5.11.2 Input of Manual Liquidation

This topic describes the process to view the manual liquidation details.

On the Manual Liquidation screen, click New and specify the fields. For more information on the fields, refer to the [Manual Liquidation](#).



Note:

The user can also perform Authorize and Delete Operations.

Once you enter the deal reference number in the **Manual liquidation** screen, the following details displayed on the screen:

- Counterparty Number
- Counterparty Name
- Product Code
- Product Description

The Value date in the Manual Liquidation is the date on which the liquidation entries is passed. When you enter a Value date in the Manual Liquidation screen, if there are any

schedules due on this date is displayed in the Payment Breakup section and user can liquidate them. If there are no schedules due on that date then no liquidation processing will happen.

 **Note:**

If the Value Date is today or back dated only then Manual liquidation is possible. No future dated and partial amount settlement processing is allowed.

Settlement covering both amount overdue and present schedule due amount can be made, the system forces user to pay out the past schedules along with the current due. Settlement of manual liquidation considering the netting indicator i.e. netting of in-leg and out-leg cash flow, if the notional currency is same for IRS type contracts and netting between principal and interest in case of CCS type contracts for each leg can be made from this function.

In the **Manual Liquidation** screen, you have a set of icons using which you can navigate to the following screens: Settlements - Click **Settlements**, the system displays the **Settlement Message Details** screen.

The payment accounts can also be changed for the various components at the time of payment. The new payment accounts will be used for that particular session of the manual payment function. Advices - Click **Advices**, the system displays the **Advices** screen. You can suppress advices using this Advices screen.

This topic has the following sub-topics

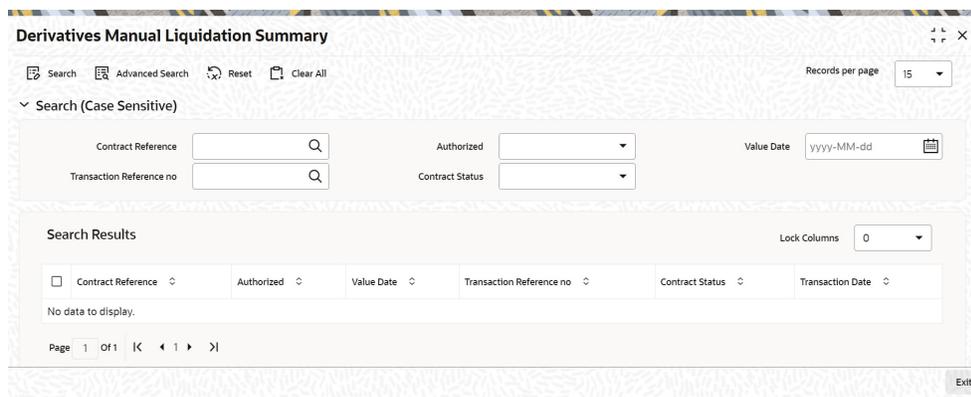
- [View Manual Liquidation Summary](#)

5.11.2.1 View Manual Liquidation Summary

1. On the Home page, enter **DVSTRPAY** in the text field.

The **Derivatives Manual Liquidation Summary** screen is displayed.

Figure 5-35 Derivatives Manual Liquidation Summary



2. Enter the Contract Reference number or select the Contract Reference number from the displayed list of values.

3. Click **Search** to fetch the summary for the selected contract.

You can also fetch the summary by inputting the Value Date, Contract Status, Authorized or Unauthorized, Contract Status, or Transaction Reference No.

You can also view the contract records by using Advanced Search option.

5.12 SGEN Messages Generation

This topic describes the SGEN message generation feature.

The system sends SGEN messages for future dated events 'n' number of days before the due date where 'n' is the value maintained as settlement days in 'Currency Definition' screen. In case of current or back dated deals, the message is generated online

This is applicable for IRS and FRA contracts for the following events:

- DILQ (Interest liquidation)
- FELR (Amendment fee liquidation)
- DTER (Termination loss/Termination Gain)

This is applicable for CCS contracts for the following events:

- DINT (Contract Initiation)
- DILQ (Interest liquidation)
- DPLQ (Principal liquidation)
- FELR (Amendment fee liquidation)
- DAMN (Principal amendment)
- DTER (Termination loss/Termination Gain)

In the case of future-dated events of the contracts, SGEN messages are required to be sent before the value date or payment date. For such contracts, the system generates the settlement message after taking into account both currency holidays and local holidays maintained. It generates the SWIFT messages in the BOD batch.

For SGEN Message on contract initiation, when the SGEN date is calculated as branch date or lesser than the branch date, the system sends out an online SGEN message during contract initiation itself.

When you reverse a contract for which SGEN has been generated, the system displays an appropriate override message.

If you accept the override and continue with contract reversal, the system generates the Cancellation request messages MT 292 /192 (REVSWIFT).

You can maintain payment messages either at the SGEN event or at the respective events only, not at both levels. You can also maintain a product without the SGEN event and attach the payment message in the respective events.

Contract Level Message Generation

You need to perform the following for contract level message generation:

- For corporate customer with settlement account as normal or nostro, system generates Credit/Debit advice when CUST_PMT_ADV is configured for DINT, DAMN, DLIQ, DPLQ, FELR and DTER events at product level

- System generates the Payment Message MT210/MT202 for customer type as Bank and settlement account as Nostro, when PAYMENT_MESSAGE advice is configured for DINT, DAMN, DLIQ, DPLQ, FELR and DTER events at product level.
- SGEN event will be supported only for PAYMENT_MESSAGE advice MT210/MT202. The SGEN functionality remains to be the same.
- System will generate the settlement message based on the currency parameter and ensure the SGEN message is generated SGEN days before the value date or payment date. In the BOD batch, the system will generate the SWIFT messages.
- In case CUST_PMT_ADV is not configured to any of the event at product level, system will not generate any MT900/MT910 message assuming the customer type is corporate and settlement account type is Normal. You need to maintain the following details for the contract level message generation:
- Treasury message type for DV module and message type 'CUST_PMT_ADV' using the 'Treasury Message Type Maintenance' screen.
- Maintain new advice 'CUST_PMT_ADV' for DINT, DAMN, DLIQ, DPLQ, FELR and DTER Event using the **Derivative Product Definition** screen.
- The system validates whether the CUST_PMT_ADV is maintained to SGEN event.
- When CUST_PMT_ADV advice is maintained at specific events, the system will restrict you to maintain CREDIT_ADVICE DEBIT_ADVICE and displays an appropriate error message.
- Both PAYMENT_MESSAGE and CUST_PMT_ADV can be mapped to same event. The system generates the messages at contract level based on the product and the events maintained.

6

Risk Free Rates

The System accepts the Risk Free Rates (RFR) and other index rate daily from a published source. There is provision to consume RFR or any other the index rate daily from a published source. The Product Processor sends appropriate parameters to the Interest Calculation Engine per contract and receives the interest rate and computed interest amount.

RFR supports interest rate calculation on both simple average method and the compounding method, where the accrued interest is added to the principal. The system maintains the daily interest amount and daily rate for each contract.

RFR also supports interest rate calculation by using weighted average method (WAC).



Note:

Only simple interest calculation can be done by WAC.

RFR supports negative interest rate calculations for arrears method.

The required accruals are posted on currency working days only and are reconciled for payouts at the end of the interest period.

RFR Supports IRS, CCS, and FRA products with positive interest rate.

RFR Supports IRS and CCS products with negative interest rate.

RFR supports both the back and future value date bookings with proper interest application.

The Derivative module supports the below RFR methods:

In the Arrear Method, includes the below the types:

- Lookback
- Lockout
- Payment Movement
- Plain
- Interest Rollover

In addition to the above, the Derivative module also supports the below RFR combination methods:

- Lookback and Lock out
- Lookback, Lockout, and Payment Movement

In Advance Method, the supported types include the below:

- Last reset
- Last recent

The WAC method supports the Arrear method and RFR combination method.

The arrear method supports the following bearing products:

- Lookback
- Lockout
- Payment Delay
- Plain

The below RFR combination methods are supported in the WAC method:

- Lookback and Lockout
- Lookback and Payment Delay
- Lockout and Payment Delay
- Lookback, Lockout, and Payment Delay

For detailed information on RFR calculation method for each type, refer to [RFR Calculation Method](#).

This topic has the following sub-topics:

- [Define Rate codes for Risk Free Rates](#)
This topic provides the instructions to define the rate codes for risk free rates.
- [Risk Free Rates](#)
This topic provides the instructions to capture the Risk Free Rates details.
- [RFR Enabling for SGEN](#)
This topic describes the RFR enabling process for SGEN messages.
- [Treasury Interest Maintenance](#)
This topic describes the treasury interest class maintenance.
- [Derivative Product](#)
This topic describes RFR preference details in derivative product.
- [Derivative Contract](#)
This topic describes the derivative contract.
- [Derivative Manual Liquidation](#)
This topic provides the instructions to capture the Manual Liquidation with risk free rates.
- [Life Cycle Process Impact](#)
This topic describes the life cycle process impact for RFR contract.

6.1 Define Rate codes for Risk Free Rates

This topic provides the instructions to define the rate codes for risk free rates.

RFR codes are maintained in the **Rate Code Definition** screen.

1. On the Home page, type **CFDFRTCD** in the text box, and click the next arrow.
Rate Code Definition screen is displayed.

Figure 6-1 Rate Code Definition

2. On the **Rate Code Definition** screen, specify the details as required.
For information on fields, refer to *Table 7.1: RFR Rate Input - Field Description*

6.2 Risk Free Rates

This topic provides the instructions to capture the Risk Free Rates details.

Selected Risk Free rate is maintained in this screen.

1. On the Home page, type **CFDRFRRT** in the text box, and click the next arrow.
RFR Rate Input screen is displayed.

Figure 6-2 RFR Rate Input

2. On the **RFR Rate Input** screen, specify the details as required.
For information on fields refer to:

Table 6-1 RFR Rate Input - Field Description

| Field | Description |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rate Code | Choose the Risk Free Reference Rate Code from the list of values displayed. |
| Rate Description | Define the RFR rate code. |
| Type | Choose the type of Maintenance: <ul style="list-style-type: none"> • Rate • Index Value |
| Rate Code Type | Select the rate code type from the adjoining drop-down list. The list displays the following values: <ul style="list-style-type: none"> • RFR • Inflation • Others |
| Currency Code | Specifies the currency mapped to RFR code. |
| Rate Received Date | Specify the date on which the system received the RFR rate. |
| Effective Date | Specify the applicable RFR effective date. |
| Interest rate | RFR on the respective effective date |
| Rate Applicable days | Number of days the RFR is applicable. |
| Percentile | Percentile of RFR defined as 1st, 25th, 75th and 99th |
| Volume in Billions | Specify the RFR volume in count of billions |

6.3 RFR Enabling for SGEN

This topic describes the RFR enabling process for SGEN messages.

In the case of RFR contracts with Payment movement preferences, the SGEN messages are required to be sent before the due date considering the maturity date + payment movement days along with the currency settlement days maintained. For such contracts, the system generates the settlement message after considering the currency holidays maintained. It generates the SGEN messages during BOD.

6.4 Treasury Interest Maintenance

This topic describes the treasury interest class maintenance.

Treasury Interest Maintenance supports the RFR methods and preferences. For More information refer to the *Class User Manual Section 2.3.1 Invoking Interest Class Maintenance*.

6.5 Derivative Product

This topic describes RFR preference details in derivative product.

The Interest Call form in Derivative product screen also contains the RFR preference details. For more information see: [27](#)

6.6 Derivative Contract

This topic describes the derivative contract.

The Interest Call form in Derivative contract screen also contains the RFR preference details. For more information see: [27](#)

6.7 Derivative Manual Liquidation

This topic provides the instructions to capture the Manual Liquidation with risk free rates.

- On the Home page, enter **DVDTRPAY** in the text box, and click the next arrow. The **Manual Liquidation** screen is displayed.

Figure 6-3 Manual Liquidation

The screenshot shows the 'Manual Liquidation' screen with the following sections:

- Contract Details:** Contract Reference (with search icon), Counterparty, Counter Party Name (with message icon).
- Dates and Amounts:** Value Date, Transaction Date, and a 'Default' button.
- Payment Breakup:** A table with columns: Component, Currency, Pay Receive, Due Amount, Amount Overdue, Total Due. Below the table, it says 'No data to display.' and 'Page 1 (0 of 0 items)'. There are navigation arrows around the page number.
- Buttons:** Settlement, Advice, Audit, Exit.

You can perform the following operation in the Manual Payment screen for manual payments:

Click **Default**, system does amount due recalculation for RFR components based on latest rate available in system.

6.8 Life Cycle Process Impact

This topic describes the life cycle process impact for RFR contract.

Back Dated and Current Dated Contract Booking

Following swift messages capture the applicable RFR details:

- MT 360

- MT 362

Contract Advices

RFR details as applicable are captured in advices same as floating rates.

Liquidation Delay

The system supports the delay in liquidating the contract till all the RFR rates are available. Liquidation will happen once the rate is received on the maturity date during EOD batch processing.

 **Note:**

This functionality is applicable to RFR related contracts only (Plain Method).

A

Error Message for Derivative

This topic describes the error code and messages for Derivative module.

Table A-1 Error Codes and Messages

| Error Code | Function ID | Message |
|------------|-------------|--------------------------------------------------------------------------|
| DV-RVN-001 | DVRESET0 | Unexercised Exception while processing rate revision. |
| DV-ADV-001 | DVADVSRV | Unhandled exception while processing messages to be generated. |
| DV-AML-001 | DVAMLSRV | Unhandled exception during message generation for FRA confirmation. |
| DV-AML-002 | DVAMLSRV | This message cannot be sent for this contract |
| DV-AML-003 | DVAMLSRV | This message cannot be sent for this contract |
| DV-AML-004 | DVAMLSRV | Unhandled exception while generating message for Rate Swap confirmation. |
| DV-AML-005 | DVAMLSRV | Unhandled exception while generating message for contract assignment. |
| DV-AML-006 | DVAMLSRV | Unhandled exception while getting in leg details. |
| DV-AML-007 | DVAMLSRV | Unhandled exception while getting out leg details. |
| DV-AML-008 | DVAMLSRV | Unhandled exception while getting in leg details. |
| DV-AML-009 | DVAMLSRV | Unhandled exception while getting out leg details. |
| DV-AML-010 | DVAMLSRV | Unhandled exception while getting the general terms of the contract. |
| DV-AML-011 | DVAMLSRV | Unhandled exception while getting sender and receiver addresses. |
| DV-AML-012 | DVAMLSRV | unhandled exception while getting broker details |
| DV-AML-013 | DVAMLSRV | Unhandled exception while getting agreement details. |
| DV-AML-014 | DVAMLSRV | Unhandled exception while getting payment dates. |
| DV-AML-015 | DVAMLSRV | Unhandled exception while getting payment dates. |
| DV-AML-016 | DVAMLSRV | Unhandled exception while getting reset dates. |
| DV-AML-017 | DVAMLSRV | Unhandled exception while getting compounding dates. |
| DV-AML-018 | DVAMLSRV | Unhandled exception while getting settlement details. |
| DV-AML-019 | DVAMLSRV | Unhandled exception while getting account details. |
| DV-AML-020 | DVAMLSRV | Unhandled exception while processing a tag. |
| DV-AMR-002 | DVAMORT0 | Product is not Open. |
| DV-AMR-003 | DVAMORT0 | Product is not Authorizes. |
| DV-AMR-004 | DVAMORT0 | Product is not Open. |
| DV-AMR-005 | DVAMORT0 | Product is not Authorizes. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|--------------------|--------------------------------------------------------------------------|
| DV-AMR-011 | DVAMORT0 | Unhandled exception while obtaining the periodic amort date. |
| DV-AMR-021 | DVAMORT0 | Unhandled exception while processing periodic inception amort. |
| DV-AMR-031 | DVAMORT0 | Unhandled exception while processing periodic termination amort. |
| DV-AMR-101 | DVAMORT1 | Unhandled exception while processing for a contract. |
| DV-AMR-102 | DVAMORT1 | Failed to round the amount. |
| DV-AMR-103 | DVAMORT1 | Failed to round the amount. |
| DV-AMR-121 | DVAMORT1 | Unhandled exception while populating a product amort. |
| DV-AMR-131 | DVAMORT1 | Unhandled exception while populating a product amort. |
| DV-AMR-132 | DVAMORT1 | No data found for periodic amortization details. |
| DV-AMR-141 | DVAMORT1 | Unhandled exception while populating amort master. |
| DV-AMR-151 | DVAMORT1 | Unhandled exception while populating product entry. |
| DV-AMR-161 | DVAMORT1 | Unhandled exception while building accounting entry. |
| DV-AMR-171 | DVAMORT1 | Unhandled exception while processing for amount tag. |
| DV-AUT-001 | DVCCOATH | Unhandled exception while authorizing the Contract. |
| DV-AUT-002 | DVCCOATH | Maker cannot Authorize the Contract. |
| DV-AUT-003 | DVCCOATH | Rekey Field In Leg Currency is incorrect. |
| DV-AUT-004 | DVCCOATH | Rekey Field Out Leg Currency is incorrect. |
| DV-AUT-005 | DVCCOATH | Rekey Field In Leg Principal Amount is incorrect |
| DV-AUT-006 | DVCCOATH | Rekey Field Out Leg Principal Amount is incorrect. |
| DV-AUT-007 | DVCCOATH | Rekey Field Value Date is Incorrect. |
| DV-AUT-008 | DVCCOATH | Rekey Field Maturity Date is Incorrect. |
| DV-AUT-009 | DVCCOATH | Override(s) are not confirmed. |
| DV-AUT-010 | DVCCOATH | Do You Want to Continue Authorization. |
| DV-AUT-012 | DVCCOATH | Failed to authorize the contract. |
| DV-BCH-001 | DVBCHSRV | Unhandled exception while preparing for batch. |
| DV-BCH-002 | DVBCHSRV | Batch is configured as Mandatory Function in invalid End of Cycle Group. |
| DV-BCH-005 | DVBCHSRV | Unhandled exception while obtaining the process till date. |
| DV-BCH-011 | DVBCHSRV | Unhandled exception while checking program status. |
| DV-BCH-012 | DVBCHSRV | Batch already processed. |
| DV-BCH-013 | DVBCHSRV | Predecessor Functions to Batch are pending. |
| DV-BCH-021 | DVBATCH | Unhandled Exception while calculating the process till date. |
| DV-BCH-022 | DVBCHSRV | Branch Parameters not maintained for Derivatives. |
| DV-BCH-031 | DVBCHSRV | Unhandled exception while obtaining the Period End Date. |
| DV-BCH-032 | DVBCHSRV | Failed to obtain the Period End date for the Branch. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|--------------------|------------------------------------------------------------------------------------------|
| DV-BCH-041 | DVBCHSRV | Unhandled exception while preparing for batch. |
| DV-BCH-051 | DVBCHSRV | Unhandled exception while preparing for batch. |
| DV-BCH-061 | DVBCHSRV | Unhandled exception while preparing for batch. |
| DV-BCH-071 | DVBCHSRV | Unhandled exception while processing batch. |
| DV-BCH-081 | DVBCHSRV | Unhandled exception while processing batch. |
| DV-BCH-091 | DVBCHSRV | Unhandled exception while processing batch. |
| DV-BCH-101 | DVBCHSRV | Unhandled exception while unmarking End of Transaction Input. |
| DV-BCH-111 | DVBATCH | Unhandled Exception while processing Batch. |
| DV-CEV-001 | DVCNTEV0 | Unhandled Exception While Processing The Booking Event. |
| DV-CEV-011 | DVCNTEV0 | Unhandled Exception While Processing the revision Event. |
| DV-CEV-021 | DVCNTEV0 | Unhandled Exception While Processing the initiation Event. |
| DV-CEV-031 | DVCNTEV0 | Unhandled Exception While Amortizing Inception Value. |
| DV-CEV-041 | DVCNTEV0 | Unhandled Exception While Processing the Liquidation Event. |
| DV-CEV-051 | DVCNTEV0 | Unhandled Exception While Accruing Interest. |
| DV-CEV-061 | DVCNTEV0 | Unhandled Exception While Processing Termination Event. |
| DV-CEV-071 | DVCNTEV0 | Unhandled Exception While building tags for Booking Event. |
| DV-CEV-081 | DVCNTEV0 | Unhandled Exception While building tags for Initiation Event. |
| DV-CEV-091 | DVCNTEV0 | Unhandled Exception While building tags for Termination Event. |
| DV-CSR-001 | DVCNS-RV0 | Unhandled Exception While registering a event. |
| DV-CSR-002 | DVCNS-RV0 | Inconsistent Database. No record found for the contract in contract table. |
| DV-CSR-011 | DVCNS-RV0 | Unhandled Exception While Locking the Record. |
| DV-CSR-021 | DVCNS-RV0 | Unhandled Exception While authorizing the Contract.s |
| DV-CSR-022 | DVCNS-RV0 | Unable to obtain Contract Lock. |
| DV-CSR-101 | DVCNSRV1 | Unhandled Exception While Saving the contract. |
| DV-CSR-102 | DVCNSRV1 | The Value Date \$1 is within the Product Start Date \$2 and the Product End Date \$3. |
| DV-CSR-103 | DVCNSRV1 | The Maturity Date \$1 is within the Product Start Date \$2 and the Product End Date \$3. |
| DV-CSR-104 | DVCNSRV1 | The Exchange Rate exceeds the allowed Maximum Variance \$1 %. |
| DV-CSR-105 | DVCNSRV1 | The Exchange Rate exceeds the allowed Normal Variance \$1 %. |
| DV-CSR-106 | DVCNSRV1 | In Leg Principal Details are Defaulted. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|------------|-------------|----------------------------------------------------------------------------------------|
| DV-CSR-107 | DVCNSRV1 | Out Leg Principal Details are Defaulted. |
| DV-CSR-108 | DVCNSRV1 | In Leg Interest Details are Defaulted. |
| DV-CSR-109 | DVCNSRV1 | Out Leg Interest Details are Defaulted. |
| DV-CSR-110 | DVCNSRV1 | Brokerage Details Defaulted. |
| DV-CSR-110 | DVCNSRV1 | Brokerage Details Defaulted. |
| DV-CSR-112 | DVCNSRV1 | Advice Details Defaulted. |
| DV-CSR-113 | DVCNSRV1 | User Defined Fields Defaulted. |
| DV-CSR-114 | DVCNSRV1 | Charges Defaulted. |
| DV-CSR-115 | DVCNSRV1 | MIS Details D defaulted |
| DV-CSR-116 | DVCNSRV1 | Settlement Details Defaulted. |
| DV-CSR-117 | DVCNSRV1 | Tax Details defaulted |
| DV-CSR-118 | DVCNSRV1 | For event \$1 no receiver id given for message type \$2. |
| DV-CSR-121 | DVCNSRV1 | Unhandled Exception while defaulting interest details. |
| DV-CSR-122 | DVCNSRV1 | For the component \$1 the spread \$2 is less than the allowed minimum spread \$3. |
| DV-CSR-123 | DVCNSRV1 | For the Component \$1 the spread \$2 is more than the allowed spread \$3. |
| DV-CSR-124 | DVCNSRV1 | For the component \$1 the Interest rate Cannot be NULL. |
| DV-CSR-125 | DVCNSRV1 | For the component \$1 the Interest rate \$2 is less than the allowed minimum rate \$3. |
| DV-CSR-126 | DVCNSRV1 | For the component \$1 the Interest Rate \$2 is more than the allowed maximum rate \$3. |
| DV-CSR-127 | DVCNSRV1 | For this Counterparty \$1 the Line Code \$2 is not allowed. |
| DV-CSR-128 | DVCNSRV1 | For this Product \$1 the Line Code \$2 is not allowed. |
| DV-CSR-129 | DVCNSRV1 | For this Branch \$1 the Line Code \$2 is not allowed. |
| DV-CSR-130 | DVCNSRV1 | For this Base Currency \$1 the Line Code \$2 is not allowed. |
| DV-CSR-201 | DVCNSRV2 | Unhandled Exception while deleting the contract. |
| DV-CSR-202 | DVCNSRV2 | Error While Deleting the MIS details. |
| DV-CSR-211 | DVCNSRV2 | Unhandled Exception while amending the contract. |
| DV-CSR-221 | DVCNSRV2 | Unhandled Exception while copying the Contract. |
| DV-CSR-222 | DVCNSRV2 | Product is not Valid. |
| DV-CSR-223 | DVCNSRV2 | No Primary Interest component defined for the In Leg. |
| DV-CSR-223 | DVCNSRV2 | No Primary Interest component defined for the In Leg. |
| DV-CSR-224 | DVCNSRV2 | No Primary Interest component defined for the Out leg. |
| DV-CSR-225 | DVCNSRV2 | Error While copying the MIS details. |
| DV-CSR-231 | DVCNSRV2 | Unhandled Exception while reversing the contract. |
| DV-CSR-232 | DVCNSRV2 | Unable to obtain Contract Lock. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|------------|-------------|----------------------------------------------------------------------------------|
| DV-CSR-241 | DVCNSRV2 | Unhandled Exception while reversing the Accounting Entries. |
| DV-CSR-251 | DVCNSRV2 | Unhandled Exception while populating the handoff table. |
| DV-CSR-261 | DVCNSRV2 | Unhandled Exception on handoff of accounting Entries. |
| DV-FRQ-001 | DVDTRONL | Compounding frequency should not be greater than or equal to Schedule frequency. |
| DV-IAC-001 | DVACCR | Unhandled Exception while building the queue array. |
| DV-IAC-011 | DVACCR | Unhandled Exception while calculating the periodic accrual date. |
| DV-IAC-021 | DVACCR | Unhandled Exception while processing periodic interest accrual. |
| DV-IAC-101 | DVACCR | Unhandled Exception while accruing for a contract. |
| DV-IAC-021 | DVACCR | Unhandled Exception while calculating the accrual amount. |
| DV-IAC-101 | DVACCR | Unhandled Exception while accruing for a contract. |
| DV-IAC-021 | DVACCR | Unhandled Exception while processing periodic interest accrual. |
| DV-IAC-101 | DVACCR | Unhandled Exception while accruing for a contract. |
| DV-IAC-121 | DVACCR | Unhandled Exception while calculating the accrual amount. |
| DV-IAC-122 | DVACCR | Reset not done for interest rates. |
| DV-IAC-123 | DVACCR | No discount rate obtained for the interest component. |
| DV-IAC-124 | DVACCR | For Component \$1 liquidation for the past period is pending. |
| DV-IAC-131 | DVACCR | Unhandled exception while processing product level accrual. |
| DV-IAC-141 | DVACCR | Unhandled Exception when processing interest accrual. |
| DV-IAC-142 | DVACCR | No data found for the current product code. |
| DV-IAC-151 | DVACCR | Unhandled exception while processing interest accrual. |
| DV-IAC-161 | DVACCR | Unhandled exception while processing interest accrual. |
| DV-IAC-171 | DVACCR | Unhandled exception while processing interest accrual. |
| DV-IAC-172 | DVACCR | No data found for the current contract ref no. |
| DV-IAC-191 | DVACCR | Unhandled exception while processing the amount tags. |
| DV-ICA-001 | DVINTCAL | Unhandled exception while computing Interest Amount. |
| DV-ICA-002 | DVINTCAL | Failed to round the Interest Amount. |
| DV-ICA-011 | DVINTCAL | Unhandled exception while computing Discount Amount. |
| DV-ICA-012 | DVINTCAL | Failed to round the Discount Amount. |
| DV-ICA-021 | DVINTCAL | Unhandled exception while computing Discount Amount. |
| DV-ICA-022 | DVINTCAL | Failed to round the Discount Amount. |
| DV-ICA-011 | DVINTCAL | Unhandled exception while computing Discount Amount. |
| DV-ICA-012 | DVINTCAL | Failed to round the Discount Amount. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|--------------------|------------------------------------------------------------|
| DV-ICA-021 | DVINTCAL | Unhandled exception while computing Discount Amount. |
| DV-ICA-022 | DVINTCAL | Failed to round the Discount Amount. |
| DV-ICA-031 | DVINTCAL | Unhandled Exception while calculating the interest amount. |
| DV-ICA-041 | DVINTCAL | Unhandled Exception while calculating the interest amount. |
| DV-ICA-051 | DVINTCAL | Unhandled Exception while calculating the interest amount. |
| DV-ICA-061 | DVINTCAL | Unhandled Exception while calculating the interest amount. |
| DV-INT-001 | DVDINDET | Unhandled exception while validating the Start Date. |
| DV-INT-002 | DVDINDET | Start Date Cannot be before the application Date. |
| DV-INT-003 | DVDINDET | Start Date Cannot be before the Value Date. |
| DV-INT-004 | DVDINDET | Start Date Cannot be before the Maturity Date. |
| DV-INT-005 | DVDINDET | Schedule Date is not Unique. |
| DV-INT-011 | DVDINDET | Unhandled exception while validating the Schedule. |
| DV-INT-012 | DVDINDET | Mandatory field Start Date is NULL. |
| DV-INT-013 | DVDINDET | Mandatory field Start Date is NULL. |
| DV-INT-014 | DVDINDET | Mandatory field Frequency Unit is NULL. |
| DV-INT-015 | DVDINDET | Mandatory field No of Schedules is NULL. |
| DV-INT-016 | DVDINDET | Mandatory field Amount is NULL. |
| DV-INT-021 | DVDINDET | Unhandled exception while amending the Schedules. |
| DV-INT-031 | DVDINDET | Unhandled exception while amending the Schedules. |
| DV-INT-041 | DVDINDET | Unhandled exception while amending the Schedules. |
| DV-INT-051 | DVDINDET | Unhandled exception while amending the Schedules. |
| DV-INT-061 | DVDINDET | Unhandled exception while amending the Schedules. |
| DV-INT-071 | DVDINDET | Unhandled exception while amending the Schedules. |
| DV-INT-072 | DVDINDET | Mandatory field Discount Rate is NULL. |
| DV-INT-073 | DVDINDET | Mandatory field Discount Floating Component is NULL. |
| DV-INT-074 | DVDINDET | Mandatory field Discount Floating Component is NULL. |
| DV-INT-075 | DVDINDET | Mandatory field Discount Floating Component is NULL. |
| DV-INT-76 | DVDINDET | Mandatory field Discount Floating Component is NULL. |
| DV-INT-077 | DVDINDET | Mandatory field Discount Floating Component is NULL. |
| DV-INT-078 | DVDINDET | Mandatory field Interest Rate is NULL. |
| DV-INT-079 | DVDINDET | Mandatory field Interest Rate Code is NULL. |
| DV-INT-080 | DVDINDET | Mandatory field Interest Rate Source is NULL. |
| DV-INT-082 | DVDINDET | Mandatory field Interest Tenor Code is NULL. |
| DV-INT-083 | DVDINDET | Mandatory field Interest Rate Spread is NULL. |
| DV-INT-084 | DVDINDET | Mandatory field Interest Rate Spread is NULL. |
| DV-INT-091 | DVDINDET | Unhandled exception while validating the Schedules. |
| DV-INT-092 | DVDINDET | Mandatory field Schedule Holiday Currency is NULL. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|--------------------|--------------------------------------------------------------------------------------------------|
| DV-INT-093 | DVDINDET | Mandatory field Schedule Financial Center is NULL. |
| DV-INT-101 | DVDINDET | Unhandled exception while validating revision schedules |
| DV-INT-102 | DVDINDET | Mandatory field Revision Holiday Currency is NULL. |
| DV-INT-103 | DVDINDET | Mandatory field Revision Financial Center is NULL |
| DV-INT-104 | DVDINDET | Mandatory field Reset Date movement Days is NULL. |
| DV-INT-105 | DVDINDET | Mandatory field Reset Date Holiday Currency is NULL. |
| DV-INT-106 | DVDINDET | Mandatory field Reset Date Financial Center is NULL. |
| DV-INT-111 | DVDINDET | Unhandled exception while defaulting the schedules. |
| DV-INT-121 | DVDINDET | Unhandled exception while defaulting the schedules. |
| DV-ISR-001 | DVINTSRV | Unhandled Exception while defaulting for a event. |
| DV-ISR-011 | DVINTSRV | Unhandled Exception While picking up currency rates. |
| DV-ISR-021 | DVINTSRV | Unhandled Exception While referring Contract Associations. |
| DV-ISR-031 | DVINTSRV | Unhandled Exception While fetching floating Rates. |
| DV-ISR-032 | DVINTSRV | Rate Code Selection is not Valid. |
| DV-ISR-033 | DVINTSRV | Rate Code maintenance is Unauthorized. |
| DV-ISR-034 | DVINTSRV | The Selected Rate Code is Closed. |
| DV-ISR-035 | DVINTSRV | No Rate Details are found. Inconsistent Database. |
| DV-LM-0001 | DVLIMITS | The Issuer Limits details are incomplete. Complete/ Delete the Issuer Limits details. |
| DV-LM-0002 | DVLIMITS | The Line Code is not a Limits Template. |
| V-LM-0003 | DVLIMITS | The Line Code is not entered. |
| DV-LM-00004 | DVLIMITS | The Line Code is not entered. |
| DV-LM-00005 | DVLIMITS | The Line Start Date cannot be later than the Line ExpiryDate. |
| DV-LM-00006 | DVLIMITS | The Last Available Date cannot be later than the Line Expiry Date. |
| DV-LM-00007 | DVLIMITS | The Line Currency is not entered. |
| DV-LM-00008 | DVLIMITS | This Tenor has been maintained for the Limit. |
| DV-LM-00009 | DVLIMITS | The Tenor details are incomplete. Complete/Delete the Tenor details. |
| DV-LM-00010 | DVLIMITS | The Products Allowed details are incomplete. Complete/ Delete the Products Allowed details. |
| DV-LM-00011 | DVLIMITS | The Branches Allowed details are incomplete. Complete/ Delete the Branches Allowed details. |
| DV-LM-00012 | DVLIMITS | The Last Available Date cannot be less than the Line Start Date. |
| DV-LM-00013 | DVLIMITS | The Customers Allowed details are incomplete. Complete/ Delete the Customers Allowed details. |
| DV-LM-00014 | DVLIMITS | The Tenor Limit Amount exceeds the Line Limit Amount. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|--------------------|-----------------------------------------------------------------------------------------------------------------|
| DV-LM-00015 | DVLIMITS | The Sub Line Tenor Limit Amount cannot be greater than the next higher Main Line Tenor Limit Amount. \$1 - \$2. |
| DV-LM-00016 | DVLIMITS | The Sub Line Tenor cannot be greater than Maximum Main Line Tenor. \$1 Days. |
| DV-LM-00017 | DVLIMITS | There are no Tenors specified for the Main Line. |
| DV-LM-00018 | DVLIMITS | The Line Code is Limits Template. Details will be copied from template. Continue? |
| DV-LM-00019 | DVLIMITS | The Sub Line Limit cannot exceed the Main Line Limit. \$1-\$2. |
| DV-LM-00020 | DVLIMITS | The Main Line Limit cannot be less than any of its Sub Line Limit. \$1 -\$2. |
| DV-LM-00021 | DVLIMITS | The Main Line Tenor cannot be Less than the Minimum Tenor of any Sub Lines reporting to it. - \$1 Days. |
| DV-LM-00022 | DVLIMITS | The Main Line Tenor Limit Amount cannot be less than the next lower Sub Line Tenor Limit Amount. \$1 - \$2. |
| DV-LM-00023 | DVLIMITS | The Limits Copy could not be completed. |
| DV-LM-00024 | DVLIMITS | Blank spaces cannot be a part of this field. |
| DV-LM-00025 | DVLIMITS | The Line Code has have nine characters. |
| DV-LM-00026 | DVLIMITS | The Tenor Mnemonic is not entered. |
| DV-LM-00027 | DVLIMITS | The Limit is not entered. |
| DV-LM-00028 | DVLIMITS | The Collateral Start Date cannot be later than the Collateral Expiry Date. |
| DV-LM-00029 | DVLIMITS | The Margin computed is not between 0 and 100. |
| DV-LM-00030 | DVLIMITS | The Collateral Currency is not entered. |
| DV-LM-00031 | DVLIMITS | The Collateral Type is not entered. |
| DV-LM-00032 | DVLIMITS | The Collateral Review Date cannot be later than the Collateral Expiry Date. |
| DV-LM-00033 | DVLIMITS | The Collateral Review Date cannot be earlier than Collateral Start Date. |
| DV-LM-00034 | DVLIMITS | The Expiry Date cannot be earlier than Start Date. |
| DV-LM-00035 | DVLIMITS | The Security Code is not entered. |
| DV-LM-00036 | DVLIMITS | The Security Type is not entered. |
| DV-LM-00037 | DVLIMITS | The Currency is not entered. |
| DV-LM-00038 | DVLIMITS | The Market Price Details are incomplete. Complete / Delete the Market Price Details. |
| DV-LM-00039 | DVLIMITS | The Line Code is not entered. |
| DV-LM-00040 | DVLIMITS | The computed exposure is not between 1 and 100. |
| DV-LM-00041 | DVLIMITS | There are Active Sub Lines reporting to this Main Line. Main Line cannot be closed. |
| DV-LM-00042 | DVLIMITS | The Last Price Change Date cannot be greater than Branch Date. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|--------------------|----------------------------------------------------------------------------------------------|
| DV-LM-00043 | DVLIMITS | The Security Code is not entered for the MVBC. |
| DV-LM-00044 | DVLIMITS | The Price Code is not entered for the MVBC. |
| DV-LM-00045 | DVLIMITS | The Number Of Units is not entered for the MVBC. |
| DV-LM-00046 | DVLIMITS | The Collateral Ccy is not entered for the Collateral. |
| DV-LM-00047 | DVLIMITS | Security Code has not been entered. |
| DV-LM-00048 | DVLIMITS | The Issuer Exposure Details are incomplete. Complete/ Delete the Issuer Exposure Details. |
| DV-LM-00049 | DVLIMITS | The Start Date cannot be greater than the Branch Date. |
| DV-LM-00050 | DVLIMITS | The Last Price Change Date cannot be earlier than Start Date. |
| DV-LM-00051 | DVLIMITS | The Expiry Date cannot be earlier than Branch Date. |
| DV-LM-00052 | DVLIMITS | The Last Price Change Date cannot later than Expiry Date. |
| DV-LM-00053 | DVLIMITS | The Description is not entered. |
| DV-LM-00054 | DVLIMITS | The Face Value is not entered. |
| DV-LM-00055 | DVLIMITS | The Limit Contribution cannot be greater than the CapAmount. |
| DV-LM-00056 | DVLIMITS | Report date is greater than the date today. |
| DV-LM-00057 | DVLIMITS | The Total Issuer Exposure should be greater than 100 %. |
| DV-LM-00058 | DVLIMITS | Collaterals exist with the Issuer Code. Record cannot be closed. |
| DV-LM-00059 | DVLIMITS | Securities exist with the Issuer Code. Record cannot be closed. |
| DV-LM-00060 | DVLIMITS | There are Collaterals linked to this Limit. Record cannot be closed. |
| DV-LM-00061 | DVLIMITS | There are Collaterals linked to this Security. Record cannot be closed. |
| DV-LM-00062 | DVLIMITS | There are Collaterals linked to this Price Code. Record cannot be closed |
| DV-LM-00063 | DVLIMITS | There are Collaterals linked to this Collateral Type. Record cannot be deleted. |
| DV-LM-00064 | DVLIMITS | This Facility is not available at this Branch. |
| DV-LM-00065 | DVLIMITS | No Details exist for the Reference Number. |
| DV-LM-00066 | DVLIMITS | Customer Clean Risk Limit cannot be greater than Liability Clean Risk Limit. |
| DV-LM-00067 | DVLIMITS | Customer Clean Risk Limit cannot be greater than Overall Limit. |
| DV-LM-00068 | DVLIMITS | Liability Clean Risk Limit cannot be greater than OverallLimit. |
| DV-LM-00069 | DVLIMITS | Limit Currency is not Entered. |
| DV-LM-00070 | DVLIMITS | Overall Limit is not Entered. |
| DV-LM-00071 | DVLIMITS | Liability Clean Risk Limit is not Entered. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|--------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| DV-LM-00100 | DVLIMITS | Line Not Authorized. |
| DV-LM-00101 | DVLIMITS | Line Closed. |
| DV-LM-00102 | DVLIMITS | Line Not Found. |
| DV-LM-00103 | DVLIMITS | Invalid Customer ID. |
| DV-LM-00104 | DVLIMITS | Liability ID. Not Specified. |
| DV-LM-00105 | DVLIMITS | Account ID. Not specified. |
| DV-LM-00106 | DVLIMITS | Reference ID. Not specified. |
| DV-LM-00107 | DVLIMITS | Amount tag not specified. |
| DV-LM-00108 | DVLIMITS | Amount tag not specified. |
| DV-LM-00109 | DVLIMITS | Currency not specified. |
| DV-LM-00110 | DVLIMITS | Branch not specified. |
| DV-LM-00111 | DVLIMITS | Line \$1 - Amount exceeds Limit for specified tenor by \$2. |
| DV-LM-00112 | DVLIMITS | Line \$1 - Amount exceeds all available tenor limits by \$2 \$3 \$3. |
| DV-LM-00113 | DVLIMITS | Line \$1 - Amount exceeds line limit. Limit = \$3 \$2. Utilization = \$4 \$2. Overdraft = \$5 \$2%Overdraft = \$6. |
| DV-LM-00114 | DVLIMITS | Main Line \$1 - Amount exceeds Main line limit amount. Limit = \$3 \$2. Utilization = \$4 \$2. Overdraft = \$5 \$2%Overdraft = \$6. |
| DV-LM-00115 | DVLIMITS | Line has matured. |
| DV-LM-00116 | DVLIMITS | Line not available. |
| DV-LM-00117 | DVLIMITS | Amount exceeds limit for liability \$1. Limit = \$3 \$2 Utilization = \$4 \$2 Overdraft = \$5 \$2%Overdraft = \$6. |
| DV-LM-00200 | DVLIMITS | Clean risk limit exceeded for Customer \$1 On \$2. Limit = \$4 \$3. |
| DV-LM-00201 | DVLIMITS | Clean risk limit exceeded for Liability \$1 On \$2. Limit = \$4\$3. |
| DV-LM-00202 | DVLIMITS | Date input is a holiday. Do you want to continue? |
| DV-LM-99998 | DVLIMITS | Limits: Node \$1 Unavailable. Utilization's will be updated later. |
| DV-LM-99999 | DVLIMITS | Limits Service - Unexpected Error - \$1. |
| DV-MNT-001 | DVMNT | Failed to create a new record. |
| DV-MNT-002 | DVMNT | Failed to create a new record. |
| DV-MNT-003 | DVMNT | Do you want to delete the record? |
| DV-MNT-004 | DVMNT | Record successfully deleted. |
| DV-MNT-005 | DVMNT | Failed to delete the record. |
| DV-MNT-006 | DVMNT | Failed to delete the record. |
| DV-MNT-007 | DVMNT | Do you want to close the record? |
| DV-MNT-008 | DVMNT | Unauthorized records can not be closed. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|--------------------|----------------------------------------------------------------|
| DV-MNT-009 | DVMNT | Record successfully closed. |
| DV-MNT-010 | DVMNT | Failed to close the record. |
| DV-MNT-011 | DVMNT | Failed to close the record. |
| DV-MNT-012 | DVMNT | Failed to unlock the record. |
| DV-MNT-013 | DVMNT | Failed to unlock the record. |
| DV-MNT-014 | DVMNT | Do you want to reopen the record? |
| DV-MNT-015 | DVMNT | Record successfully reopened. |
| DV-MNT-016 | DVMNT | Failed to reopen the record. |
| DV-MNT-017 | DVMNT | Failed to reopen the record. |
| DV-MNT-018 | DVMNT | Failed to save the record. |
| DV-MNT-019 | DVMNT | Failed to save the record. |
| DV-MNT-020 | DVMNT | Unhandled exception while saving the record. |
| DV-MNT-021 | DVMNT | Failed to save the record. |
| DV-MNT-022 | DVMNT | Failed to save the record. |
| DV-MNT-023 | DVMNT | Failed to save the record. |
| DV-MNT-024 | DVMNT | Failed to save the record. |
| DV-MNT-025 | DVMNT | Failed to save the record. |
| DV-MNT-026 | DVMNT | Do you want undo changes made to the record? |
| DV-MNT-101 | DVMNT | Mandatory Field Derivative Type is NULL. |
| DV-MNT-102 | DVMNT | Mandatory Field Type Description is NULL. |
| DV-MNT-103 | DVMNT | Derivative Type is not Unique. |
| DV-MNT-103 | DVMNT | Derivative Type is not Unique. |
| DV-MNT-104 | CFDRTSRC | Mandatory Field Rate Source is NULL. |
| DV-MNT-105 | CFDRTSRC | Rate Source is not Unique. |
| DV-MNT-106 | CFDRTSRC | Mandatory field Description is NULL. |
| DV-MNT-107 | STDCLMNT | Mandatory Field Clearing House is NULL |
| DV-MNT-108 | STDCLMNT | Clearing house is not Unique. |
| DV-MNT-109 | STDCLMNT | Mandatory Field Description is NULL. |
| DV-MNT-116 | DVDLMVAL | Mandatory fields cannot be null. |
| DV-MNT-201 | DVDCNVAL | Mandatory field Contract Ref No is NULL. |
| DV-MNT-202 | DVDCNVAL | Mandatory field Reval Date is NULL. |
| DV-MNT-203 | DVDCNVAL | Mandatory field In Fair Value is NULL. |
| DV-MNT-204 | DVDCNVAL | Mandatory field Out Fair Value is NULL. |
| DV-MNT-205 | DVDCNVAL | Mandatory field Net Fair Value is NULL. |
| DV-MNT-206 | DVDCNVAL | In and Out fair values are not synchronous with Net FairValue. |
| DV-MNT-207 | DVDCNVAL | No Data found for the Contract Ref No. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|--------------------|--------------------------------------------------------------------------------|
| DV-MNT-208 | DVDCNVAL | Reval Date should be before Next Working Date \$1. |
| DV-MNT-209 | DVDCNVAL | Reval Date should be after the previous reval date \$1. |
| DV-MNT-210 | DVDCNVAL | Reval Date already exists. |
| DV-MNT-215 | DVDCNRAT | Mandatory field Contract ref no is NULL. |
| DV-MNT-216 | DVDCNRAT | Mandatory field Reval Date is NULL. |
| DV-MNT-217 | DVDCNRAT | Mandatory field Interest rate is NULL. |
| DV-MNT-218 | DVDCNRAT | Reval Date cannot be greater than the next working day. |
| DV-MNT-219 | DVDCNRAT | Reval date cannot be less than the previous reval date. |
| DV-MNT-220 | DVDCNRAT | Reval Date already exists for this contract. |
| DV-MNT-230 | DVDBRRAT | Mandatory field Rate Code is NULL. |
| DV-MNT-231 | DVDBRRAT | Mandatory field Rate Code is NULL. |
| DV-MNT-232 | DVDBRRAT | Mandatory field Rate Code is NULL. |
| DV-MNT-233 | DVDBRRAT | Reval Date already exists. |
| DV-MNT-234 | DVDBRRAT | Reval Date should be before Next Working Date \$1. |
| DV-MNT-235 | DVDBRRAT | Mandatory field Currency code is NULL. |
| DV-MNT-236 | DVDBRRAT | Mandatory field Period start date is NULL. |
| DV-MNT-237 | DVDBRRAT | Mandatory field Period end date is NULL. |
| DV-MNT-238 | DVDBRRAT | Mandatory field Interest Rate is NULL. |
| DV-MNT-239 | DVDBRRAT | Record for this period already exists. |
| DV-MNT-240 | DVDBRRAT | Period Start Date can not be before Reval Date \$1. |
| DV-MNT-241 | DVDBRRAT | Period End Date should be after Period Start Date. |
| DV-MNT-252 | DVDCPMNT | Master Agreement Code is not Unique. |
| DV-MNT-253 | DVDCPMNT | Mandatory Field Master Agreement Code is NULL. |
| DV-MNT-254 | DVDCPMNT | Mandatory Fields are NULL. |
| DV-MNT-255 | DVDCPMNT | Active Contracts are existing for current Record. |
| DV-MNT-256 | DVDMGMNT | Mandatory Field Receiver ID / Medium is NULL. |
| DV-MNT-257 | DVDMGMNT | Receiver ID and Medium is not Unique. |
| DV-MNT-258 | DVDMGMNT | Message Type and CIF Id combination is not Unique. |
| DV-MNT-259 | DVDMGMNT | Message Type-CIF Id Combination is already defaulted. |
| DV-MNT-260 | DVDMGMNT | ALL-CIF Id Combination is already defaulted. |
| DV-MNT-301 | DVDPRMNT | Interest Not yet defined for product. Schedules will be incomplete. Continue?. |
| DV-MNT-302 | DVDPRMNT | Mandatory field Frequency Unit is NULL. |
| DV-MNT-303 | DVDPRMNT | Mandatory field Weekday is NULL. |
| DV-MNT-304 | DVDPRMNT | Mandatory field Start day is NULL. |
| DV-MNT-305 | DVDPRMNT | Mandatory field Start Month is NULL. |
| DV-MNT-306 | DVDPRMNT | Revaluation method cannot be NULL. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|--------------------|------------------------------------------------------------------------------|
| DV-MNT-307 | DVDPRMNT | Mandatory field Denomination basis is NULL. |
| DV-MNT-308 | DVDPRMNT | Mandatory field Numerator method is NULL. |
| DV-MNT-309 | DVDPRMNT | Mandatory field Denominator method is NULL. |
| DV-MNT-310 | DVDPRMNT | For this derivative type only one IN interest component is allowed. |
| DV-MNT-311 | DVDPRMNT | For this derivative type only one OUT interest component is allowed. |
| DV-MNT-312 | DVDPRMNT | There should be one primary component for this derivative type |
| DV-MNT-313 | DVDPRMNT | Stop association not allowed for primary component. |
| DV-MNT-315 | DVDPRMNT | Not more than one component can be defined as primary component for IN leg. |
| DV-MNT-316 | DVDPRMNT | Mandatory field Leg type is NULL. |
| DV-MNT-317 | DVDPRMNT | Not more than one component can be defined as primary component for OUT leg. |
| DV-MNT-318 | DVDPRMNT | Interest components not defined. |
| DV-MNT-319 | DVDPRMNT | Schedules for some components not defined. |
| DV-MNT-320 | DVDPRMNT | No primary In leg interest components defined. |
| DV-MNT-321 | DVDPRMNT | No primary out leg interest components defined. |
| DV-MNT-322 | DVDPRMNT | Asynchronous Principal schedules not allowed for this derivative type. |
| DV-MNT-323 | DVDPRMNT | Asynchronous IN interest schedules not allowed for this derivative type. |
| DV-MNT-324 | DVDPRMNT | Asynchronous OUT interest schedules not allowed for this derivative type. |
| DV-MNT-325 | DVDPRMNT | Asynchronous IN revision schedules not allowed for this derivative type. |
| DV-MNT-326 | DVDPRMNT | Asynchronous OUT revision schedules not allowed for this derivative type. |
| DV-MNT-328 | DVDPRMNT | Mandatory field Rate Source is NULL. |
| DV-MNT-330 | DVDPRMNT | Mandatory field Frequency is NULL. |
| DV-MNT-331 | DVDPRMNT | Mandatory field Start reference is NULL. |
| DV-MNT-403 | DVBAUDLY | Batch Processing completed successfully. |
| DV-MNT-411 | DVBAUDLY | Unhandled exception while processing the batch. |
| DV-MLQ-015 | DVDTRPAY | No Schedule/Due found in the given value date to Liquidate |
| DV-MLQ-016 | DVTRPAY | Value date should not be lesser than the last schedule date |
| DV-ONL-001 | DVDCNONL | Unhandled exception while creating a new contract. |
| DV-ONL-011 | DVDCNONL | Unhandled exception while copying the contract. |
| DV-ONL-012 | DVDCNONL | Failed to the copy the Contract. |
| DV-ONL-021 | DVDCNONL | Unhandled exception while deleting the contract. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|--------------------|---------------------------------------------------------------------------|
| DV-ONL-023 | DVDCNONL | Only the maker of the contract can delete the contract. |
| DV-ONL-024 | DVDCNONL | Do you want to delete the contract completely? |
| DV-ONL-025 | DVDCNONL | Do you want to undo all the changes made? |
| DV-ONL-026 | DVDCNONL | Contract Deleted Successfully. |
| DV-ONL-027 | DVDCNONL | Failed to delete the contract. |
| DV-ONL-031 | DVDCNONL | Unhandled exception while unlocking the contract. |
| DV-ONL-033 | DVDCNONL | The Version of the contract is not the latest version. Cannot be amended. |
| DV-ONL-034 | DVDCNONL | Contract is pending Authorization. Cannot be amended. |
| DV-ONL-035 | DVDCNONL | Contract is matured, Cannot be amended. |
| DV-ONL-036 | DVDCNONL | Only the maker of the contract can amend the contract. |
| DV-ONL-037 | DVDCNONL | Contract is Reversed or Terminated, Cannot Amend. |
| DV-ONL-038 | DVDCNONL | Failed to Amend the contract. |
| DV-ONL-041 | DVDCNONL | Unhandled exception while saving the contract. |
| DV-ONL-042 | DVDCNONL | Unhandled exception. |
| DV-ONL-043 | DVDCNONL | Unhandled exception. |
| DV-ONL-044 | DVDCNONL | Failed to obtain contract amounts. |
| DV-ONL-045 | DVDCNONL | Contract Saved Successfully. |
| DV-ONL-046 | DVDCNONL | Failed to save the contract. |
| DV-ONL-051 | DVDCNONL | Unhandled exception while authorizing the contract. |
| DV-ONL-052 | DVDCNONL | Cannot Create the Parameter List. |
| DV-ONL-061 | DVDCNONL | Unhandled exception while keeping the contract on Hold. |
| DV-ONL-062 | DVDCNONL | Contract Ref No Is Null. |
| DV-ONL-063 | DVDCNONL | Unhandled exception. |
| DV-ONL-082 | DVDCNONL | Product Code is NULL. |
| DV-ONL-092 | DVDCNONL | Maturity Date Cannot be Less than Value Date. |
| DV-ONL-093 | DVDCNONL | Maturity Date Cannot be less than the application Date. |
| DV-ONL-094 | DVDCNONL | Maturity Date \$1 is a Holiday Will be Changed to \$2. |
| DV-ONL-111 | DVDCNONL | Unhandled exception while defaulting Principal Schedules. |
| DV-ONL-121 | DVDCNONL | Unhandled exception while retrieving the contract amounts. |
| DV-ONL-132 | DVDCNONL | Not a valid product. |
| DV-ONL-141 | DVDCNONL | Unhandled exception while validating the Contract. |
| DV-ONL-142 | DVDCNONL | Mandatory field Counterparty is NULL. |
| DV-ONL-143 | DVDCNONL | Mandatory field Valued Date is NULL. |
| DV-ONL-144 | DVDCNONL | Mandatory field Maturity Date is NULL. |
| DV-ONL-145 | DVDCNONL | Mandatory field In Leg Currency is NULL. |
| DV-ONL-146 | DVDCNONL | Mandatory field In Leg Principal Amount is NULL. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|--------------------|------------------------------------------------------------|
| DV-ONL-147 | DVDCNONL | Mandatory field In Leg interest Rate Type is NULL. |
| DV-ONL-148 | DVDCNONL | Mandatory field In Leg interest Rate Code is NULL. |
| DV-ONL-149 | DVDCNONL | Mandatory field In Leg interest Rate Source is NULL. |
| DV-ONL-150 | DVDCNONL | Mandatory field In Leg interest Tenor Code is NULL. |
| DV-ONL-152 | DVDCNONL | Mandatory field In Leg interest Rate Spread is NULL. |
| DV-ONL-153 | DVDCNONL | Mandatory field In Leg interest rate is NULL. |
| DV-ONL-154 | DVDCNONL | Mandatory field In Leg interest Flat amount is NULL. |
| DV-ONL-155 | DVDCNONL | Mandatory field Out Leg Currency Cannot is NULL. |
| DV-ONL-156 | DVDCNONL | Mandatory field Out Leg principal Amount is NULL. |
| DV-ONL-157 | DVDCNONL | Mandatory field Out Leg interest Rate Type is NULL. |
| DV-ONL-158 | DVDCNONL | Mandatory field Out Leg interest Rate Code is NULL. |
| DV-ONL-159 | DVDCNONL | Mandatory field Out Leg interest Rate Source is NULL. |
| DV-ONL-160 | DVDCNONL | Mandatory field Out Leg interest Tenor Code is NULL. |
| DV-ONL-162 | DVDCNONL | Mandatory field Out Leg interest Rate Spread is NULL. |
| DV-ONL-163 | DVDCNONL | Mandatory field Out Leg interest rate is NULL. |
| DV-ONL-164 | DVDCNONL | Mandatory field Out Leg interest Flat amount is NULL. |
| DV-ONL-165 | DVDCNONL | Mandatory field Settlement Account is NULL. |
| DV-ONL-171 | DVDCNONL | Unhandled exception while validating the Contract. |
| DV-ONL-172 | DVDCNONL | Mandatory field Base Currency is NULL. |
| DV-ONL-173 | DVDCNONL | Mandatory field Reval Method is NULL. |
| DV-ONL-174 | DVDCNONL | Mandatory field Reval Rate Code is NULL. |
| DV-ONL-175 | DVDCNONL | Mandatory field Reval Rate Source is NULL. |
| DV-ONL-176 | DVDCNONL | Mandatory field Master Agreement Code is NULL. |
| DV-ONL-177 | DVDCNONL | Mandatory field Line Code is NULL. |
| DV-ONL-178 | DVDCNONL | Mandatory field Maturity Holiday Treatment is NULL. |
| DV-ONL-179 | DVDCNONL | Mandatory field Maturity Holiday Currency is NULL. |
| DV-ONL-180 | DVDCNONL | Mandatory field Maturity Financial Center is NULL. |
| DV-ONL-191 | DVDCNONL | Unhandled Exception While Terminating the contract. |
| DV-ONL-192 | DVDCNONL | The Contract is already terminated cannot terminate again. |
| DV-ONL-193 | DVDCNONL | Contract is pending Authorization. Cannot be terminated. |
| DV-ONL-194 | DVDCNONL | Do You want to terminate the contract? |
| DV-ONL-195 | DVDCNONL | Mandatory Field Termination type is NULL. |
| DV-ONL-196 | DVDCNONL | Mandatory Field Termination Currency is NULL. |
| DV-ONL-197 | DVDCNONL | Mandatory Field Termination Value is NULL. |
| DV-ONL-198 | DVDCNONL | Failed to terminate the contract. |
| DV-ONL-201 | DVDCNONL | Unhandled Exception while reversing the contract. |
| DV-ONL-202 | DVDCNONL | Contract pending Authorization Cannot Reverse. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|--------------------|---------------------------------------------------------------------|
| DV-ONL-203 | DVDCNONL | Do you want to reverse the contract completely? |
| DV-ONL-204 | DVDCNONL | Contract Reversed Successfully. |
| DV-ONL-205 | DVDCNONL | Failed to reverse the contract. |
| DV-ONL-206 | DVDCNONL | User Reference no should be Unique. |
| DV-ONL-248 | DVDTRONL | Compound on Holidays allowed only for Daily Frequency. |
| DV-PRN-001 | DVCPRDET | Unhandled exception while validating the schedules. |
| DV-PRN-002 | DVCPRDET | Mandatory field Start Date is NULL. |
| DV-PRN-003 | DVCPRDET | Mandatory field Frequency is NULL. |
| DV-PRN-004 | DVCPRDET | Mandatory field Frequency Unit is NULL. |
| DV-PRN-005 | DVCPRDET | Mandatory field No Of Schedules is NULL. |
| DV-PRN-006 | DVCPRDET | Mandatory field Adjustment Type is NULL. |
| DV-PRN-007 | DVCPRDET | Mandatory field Amount is NULL. |
| DV-PRN-011 | DVCPRDET | Unhandled exception while validating the Start Date. |
| DV-PRN-012 | DVCPRDET | Start Date Cannot be before the application Date. |
| DV-PRN-013 | DVCPRDET | Start Date Cannot be before the Value Date. |
| DV-PRN-014 | DVCPRDET | Start Date Cannot be after the Maturity Date. |
| DV-PRN-015 | DVCPRDET | Schedule Date is not Unique. |
| DV-PRN-021 | DVCPRDET | Unhandled exception while validating the Holiday Treatment Details. |
| DV-PRN-022 | DVCPRDET | Mandatory field Schedule Holiday Currency is NULL. |
| DV-PRN-023 | DVCPRDET | Mandatory field Schedule Financial Center is NULL. |
| DVRET00 | LDRPCSSM | To Date Should be greater than From Date. |
| DV-RVL-001 | DVREVAL | Unhandled exception while building the queue array. |
| DV-RVL-002 | DVREVAL | Failed to obtain the next working day. |
| DV-RVL-003 | DVREVAL | Product is closed. |
| DV-RVL-004 | DVREVAL | Product is not authorized. |
| DV-RVL-005 | DVREVAL | Failed to obtain the next working day. |
| DV-RVL-006 | DVREVAL | Product is closed. |
| DV-RVL-007 | DVREVAL | Product is not authorized. |
| DV-RVL-011 | DVREVAL | Unhandled exception while calculating the periodic reval date. |
| DV-RVL-021 | DVREVAL | Unhandled exception while processing periodic revaluation. |
| DV-RVL-031 | DVREVAL | Unhandled exception while populating reval records. |
| DV-RVL-101 | DVREVAL | Unhandled exception while revaluing a contract. |
| DV-RVL-111 | DVREVAL | Unhandled exception while processing product level revaluation. |
| DV-RVL-121 | DVREVAL | Unhandled exception while processing revaluation. |
| DV-RVL-122 | DVREVAL | No data found for the current product code. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|--------------------|------------------------------------------------------------------------|
| DV-RVL-131 | DVREVAL | Unhandled exception while processing revaluation. |
| DV-RVL-132 | DVREVAL | No data found for the current contract ref no. |
| DV-RVL-141 | DVREVAL | Unhandled exception while processing revaluation. |
| DV-RVL-151 | DVREVAL | Unhandled exception while processing revaluation. |
| DV-RVL-161 | DVREVAL | Unhandled exception while building the accounting entry lists. |
| DV-RVL-171 | DVREVAL | Unhandled exception while processing the amount tags. |
| DV-RVL-301 | DVREVAL | Unhandled exception while calculating the fair value of contract. |
| DV-RVL-302 | DVREVAL | No confirmed records for the fair values of the contract. |
| DV-RVL-303 | DVREVAL | No rates are maintained for the contract for carrying out revaluation. |
| DV-RVL-311 | DVREVAL | Unhandled exception while calculating the leg fair value. |
| DV-RVL-313 | DVREVAL | No rates are maintained for the contract for carrying out revaluation. |
| DV-RVL-314 | DVREVAL | No rates are maintained for the branch to carry out revaluation. |
| DV-RVL-315 | DVREVAL | Failed to round the fair value amount. |
| DV-RVL-321 | DVREVAL | Unhandled exception while revaluation processing. |
| DV-RVL-331 | DVREVAL | Unhandled exception while revaluation processing. |
| DV-RVL_12 | DVREVAL | No rates are maintained for the branch to carry out revaluation. |
| DV-RVN-001 | DVRESET | Unhandled Exception while processing rate revision. |
| DV-SCH-001 | DVSCHE00 | Unhandled Exception while getting next schedule Date. |
| DV-SCH-011 | DVSCHE00 | Unhandled Exception while getting next schedule Date. |
| DV-SCH-021 | DVSCHE00 | Unhandled Exception while getting next periodic Date. |
| DV-SCH-031 | DVSCHE00 | Unhandled Exception while getting schedule Date. |
| DV-SCH-032 | DVSCHE00 | Error while checking whether the scheduled date is a holiday. |
| DV-SCH-033 | DVSCHE00 | Improper Holiday maintenance. |
| DV-SCH-041 | DVSCHE00 | Unhandled Exception while Computing Reset Date. |
| DV-SCH-042 | DVSCHE00 | Error while checking whether the scheduled date is a holiday. |
| DV-SCH-043 | DVSCHE00 | Improper Holiday maintenance. |
| DV-SCH-051 | DVSCHE00 | Unhandled Exception while Adding months. |
| DV-SCH-101 | DVSCHE01 | Unhandled Exception while defaulting Principal Schedules. |
| DV-SCH-102 | DVSCHE01 | Error While rounding the amount. |
| DV-SCH-111 | DVSCHE01 | Unhandled Exception while Exploding Principal Schedules. |
| DV-SCH-112 | DVSCHE01 | Principal amount Cannot be Negative. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|--------------------|-------------------------------------------------------------------|
| DV-SCH-113 | DVSCHE1 | The Frequency and Frequency Units are Invalid. |
| DV-SCH-121 | DVSCHE1 | Unhandled Exception while defaulting Interest Schedules. |
| DV-SCH-131 | DVSCHE1 | Unhandled Exception while Exploding Interest Schedules. |
| DV-SCH-132 | DVSCHE1 | The Frequency and Frequency Units is Invalid. |
| DV-SCH-133 | DVSCHE1 | Interest amount is Negative. |
| DV-SCH-141 | DVSCHE1 | Unhandled Exception while Defaulting Revision Schedules. |
| DV-SCH-151 | DVSCHE1 | Unhandled Exception while Exploding Revision Schedules. |
| DV-SCH-152 | DVSCHE1 | The Frequency and Frequency Units are Invalid. |
| DV-SCH-201 | DVSCHE2 | Unhandled Exception while Replicating Principal Schedules. |
| DV-SCH-211 | DVSCHE2 | Unhandled Exception while Replicating Principal Schedule Periods. |
| DV-SCH-211 | DVSCHE2 | Unhandled Exception while Replicating Interest Schedules. |
| DV-SCH-221 | DVSCHE2 | Unhandled Exception while Replicating Interest Schedules. |
| DV-SCH-231 | DVSCHE2 | Unhandled Exception while Replicating Interest Schedule Periods. |
| DV-SCH-241 | DVSCHE2 | Unhandled Exception while Replicating Revision schedules. |
| DV-SCH-251 | DVSCHE2 | Unhandled Exception while Replicating Revision Schedule. |
| DV-SCH-301 | DVSCHE3 | Unhandled Exception while splitting the Contract Schedules. |
| DV-SCH-311 | DVSCHE3 | Unhandled Exception while re-defaulting Principal Schedules. |
| DV-SCH-321 | DVSCHE3 | Unhandled Exception while re-defaulting Non Principal Schedules. |
| DV-SCH-331 | DVSCHE3 | Unhandled Exception while re-defaulting Interest Schedules. |
| DV-SCH-341 | DVSCHE3 | Unhandled Exception while re-defaulting Revision schedules. |
| DV-SCH-401 | DVSCHE4 | Unhandled Exception while Replicating Principal Schedules. |
| DV-SCH-411 | DVSCHE4 | Unhandled Exception while replicating Interest Schedules. |
| DV-SCH-421 | DVSCHE4 | Unhandled Exception while replicating Revision Schedules. |
| DV-SET-001 | DVAUSET0 | Unhandled exception while processing for branch. |
| DV-SET-011 | DVAUSET0 | Unhandled exception while processing for contract. |
| DV-SET-021 | DVAUSET0 | Unhandled exception while processing principal components. |
| DV-SET-031 | DVAUSET0 | Unhandled exception while processing interest components. |
| DV-SET-041 | DVAUSET0 | Unhandled exception while populating interest liquidationamount. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|----------------------|------------------------------------------------------------------------------|
| DV-SET-051 | DVAUSET0 | Unhandled exception while populating interest accrual amounts. |
| DV-SET-063 | DVAUSET0 | Unhandled exception while populating interest accrual. |
| DV-SET-101 | DVAUSET1 | Unhandled exception while processing interest components. |
| DV-SET-102 | DVAUSET1 | Reset not done for component \$1for the period starting \$2. |
| DV-SET-103 | DVAUSET1 | Reset not done for component \$1for the period starting \$2. |
| DV-SET-104 | DVAUSET1 | No data found for component \$1for the period starting \$2. |
| DV-SET-105 | DVAUSET1 | Reset not done for component \$1for the period starting \$2. |
| DV-SET-106 | DVAUSET1 | No data found for component \$1for the period starting \$2. |
| DV-SET-107 | DVAUSET1 | Reset not done for component \$1for the period starting \$2. |
| DV-SET-108 | DVAUSET1 | No data found for component \$1for the period starting \$2. |
| DV-SUB-001 | DVSUBSYS | Unhandled Exception while Processing Brokerage. |
| DV-SUB-011 | DVSUBSYS | Unhandled Exception while processing Advices. |
| DV-SUB-021 | DVSUBSYS | Unhandled Exception while Processing User Defined Fields. |
| DV-SUB-031 | DVSUBSYS | Unhandled Exception while processing Charge. |
| DV-SUB-041 | DVSUBSYS | Unhandled Exception while Processing MIS. |
| DV-SUB-042 | DVSUBSYS | Error While defaulting MIS details from contract. |
| DV-SUB-051 | DVSUBSYS | Unhandled Exception while picking settlement details. |
| DV-SUB-061 | DVSUBSYS | Unhandled Exception while processing tax. |
| DV-SUB-071 | DVSUBSYS | Unhandled Exception while processing module tags. |
| DV-SUB-081 | DVSUBSYS | Unhandled Exception while processing interest tags. |
| DV-SUB-082 | DVSUBSYS | No Settlement Details are maintained for the tag \$1. |
| DV-SUB-091 | DVSUBSYS | Unhandled Exception while processing charge tags. |
| DV-SUB-101 | DVSUBSYS | Unhandled Exception while processing tax tags. |
| DV_AMR-001 | DVAMORT0 | Unhandled exception while building queue array. |
| TR-EXT-001 | External Revaluation | Effective date should not be greater than Application date. |
| TR-EXT-002 | External Revaluation | Contract Status is not Active |
| TR-EXT-003 | External Revaluation | Contract is Unauthorized |
| TR-EXT-004 | External Revaluation | Product is not in Active Status |
| TR-EXT-005 | External Revaluation | Duplicate record exists for the Contract Reference Number and Effective date |
| TR-EXT-006 | External Revaluation | Effective date should not be lesser than Trade date \$1 |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|----------------------|-------------------------------------------------------------------------------------------------------------------------|
| TR-EXT-007 | External Revaluation | External Revaluation is not applicable for \$1 |
| TR-EXT-008 | External Revaluation | NET_PROFIT_LOSS and NET_REVAL_CCY is Mandatory, since Revaluation Netting Required flag is checked for the contract \$1 |
| TR-EXT-009 | External Revaluation | IN_PROFIT_LOSS and OUT_PROFIT_LOSS are Mandatory for the contract \$1 |
| TR-EXT-010 | External Revaluation | If External Revaluation Required is selected then the External Revaluation Level cannot be blank |
| TR-EXT-011 | External Revaluation | External Revaluation Required is not selected so External Revaluation Level will be made Zero |
| TR-EXT-012 | External Revaluation | Please choose either Revaluation Required or External Revaluation Required |
| TR-EXT-013 | External Revaluation | External Revaluation is not applicable for hedge deal |
| TR-EXT-014 | External Revaluation | Effective date should not be lesser than previous Revaluation date \$1 |
| TR-RFR-M01 | Risk Free Rate | For selecting any RFR method, RFR flag should be selected |
| TR-RFR-M02 | Risk Free Rate | For Alternative RFR rates, one of RFR methods and corresponding method days are mandatory |
| TR-RFR-M03 | Risk Free Rate | Only one RFR method can be selected at a time |
| TR-RFR-M04 | Risk Free Rate | For LookBack method LookBack method days must be provided |
| TR-RFR-M05 | Risk Free Rate | As Lookback is selected, Payment Movement and LockOut Method days are updated as NULL |
| TR-RFR-M06 | Risk Free Rate | For Payment Movement method, Payment Movement method days must be provided. |
| TR-RFR-M07 | Risk Free Rate | As Payment Movement is selected, Lookback and LockOut Method days are updated as NULL |
| TR-RFR-M08 | Risk Free Rate | For LockOut method LockOut method days must be provided. |
| TR-RFR-M09 | Risk Free Rate | As LockOut is selected, LookBack and Payment Movement Method days are updated as NULL. |
| TR-RFR-M10 | Risk Free Rate | Computation methods either simple or compounded should be selected. |
| TR-RFR-M12 | Risk Free Rate | Rate code should be non RFR when RFR flag is not checked. |
| TR-RFR-M13 | Risk Free Rate | Rate code should be RFR when RFR flag is checked |
| TR-RFR-M19 | Risk Free Rate | Method Days are updated as null if Lookback, Payment Movement and LockOut are not selected. |
| TR-RFR-M23 | Risk Free Rate | Rate compounding is not applicable for Interest rollover method. |

Table A-1 (Cont.) Error Codes and Messages

| Error Code | Function ID | Message |
|-------------------|--------------------|------------------------------------------------------------------------------------|
| TR-RFR-M24 | Risk Free Rate | Mismatch of input currency details with currency mapped for the rate code. |
| TR-RFR-M25 | Risk Free Rate | Alternative Risk Free Rate is allowed only for SE and DV Modules. |
| TR-RFR-M28 | Risk Free Rate | Payment Movement days should be greater than zero |
| TR-RFR-M29 | Risk Free Rate | Lookback days should be greater than zero |
| TR-RFR-M30 | Risk Free Rate | Lockout days should be greater than zero |
| TR-RFR-M33 | Risk Free Rate | RFR is applicable only for primary interest component |
| TR-RFR-M34 | Risk Free Rate | Rate revision frequency should be Daily for RFR component |
| TR-RFR-M35 | Risk Free Rate | Accrual required should be Yes for RFR component |
| TR-RFR-M36 | Risk Free Rate | Accrual frequency should be Daily for RFR component |
| TR-RFR-M37 | Risk Free Rate | Component currency is mandatory for RFR component. |
| TR-RFR-M38 | Risk Free Rate | In leg currency should match with in-component currency. |
| TR-RFR-M39 | Risk Free Rate | Out leg currency should match with out-component currency. |
| TR-RFR-M40 | Risk Free Rate | Rate type and Rate code maintained for the component cannot be changed. |
| TR-RFR-M41 | Risk Free Rate | Interest accrual should be at contract level when product is having RFR component. |

B

Accounting Entries and Advices

This topic describes the details of the suggested accounting entries that set up for the Derivatives module of Oracle Banking Treasury

This topic contains following sub-topics:

- [DV Events](#)
This topic describes the list of events that can take place during the life-cycle of a Derivatives contract.
- [Derivatives Amount Tags](#)
The topic describes the amount tags that are hard-coded in Oracle Banking Treasury Management.
- [Accounting Roles](#)
This topic describes the accounting roles of Derivatives contract.
- [Event-wise Accounting Entries and Advices](#)
This topic describes the event-wise accounting entries and advices.

B.1 DV Events

This topic describes the list of events that can take place during the life-cycle of a Derivatives contract.

Events of Derivatives Contracts

Table B-1 DV Events

| Event Code | Event Description |
|------------|-----------------------------------|
| DAMN | Contract Amendment |
| DASG | Contract Assignment |
| DASS | Contract Assignment |
| DBOK | Contract Booking |
| DIAC | Contract Interest Accrual |
| DIAM | Contract Inception Amortization |
| DILQ | Contract Interest Liquidation |
| DINT | Contract Initiation |
| DPLQ | Contract Principal Liquidation |
| DRVL | Contract Revaluation |
| DRVN | Contract Rate Revision |
| DRVS | Contract Reversal |
| DTAM | Contract Termination Amortization |
| DTRB | Booking of Termination Date |

Table B-1 (Cont.) DV Events

| Event Code | Event Description |
|------------|-------------------------------------------|
| DTER | Contract Termination |
| DRRL | Contract Revaluation Reversal |
| EXRR | Derivatives External Revaluation Reversal |
| EXRV | Contract External Revaluation |
| DPRS | Derivatives Principal Reset |
| DPRV | Derivatives Principal Reset Reversal |
| SGEN | Settlement Message Generation |

B.2 Derivatives Amount Tags

The topic describes the amount tags that are hard-coded in Oracle Banking Treasury Management.

Table B-2 Amount Tags Table

| Amount Tag | Description |
|----------------|---------------------------------------|
| CUR_INRVL_PAY | Current In Leg Payable |
| CUR_INRVL_REC | Current In Leg Receivable |
| CUR_NETRVL_EXP | Current Net Revaluation Expense |
| CUR_NETRVL_INC | Current Net Revaluation Income |
| CUR_OUTRVL_PAY | Current Out Leg Payable |
| CUR_OUTRVL_REC | Current Out Leg Receivable |
| INCP_EXP_AMORT | Inception Expense Amortization Amount |
| INCP_GAIN | Inception Gain |
| INCP_GAIN_DEF | Inception Gain Deferred |
| INCP_INC_AMORT | Inception Income Amortization Amount |
| INCP_LOSS | Inception Loss |
| INCP_LOSS_DEF | Inception Loss Deferred |
| INLEG_PRN | In Leg Principal |
| INLEG_PRN_CONT | In Leg Contingent Principal Amount |
| INLEG_PRN_DECR | In Leg Principal Decrement |
| INLEG_PRN_INCR | In Leg Principal Increment |
| INLEG_PRN_LIQD | In Leg Principal Liquidation |
| NET_INT_EXP | Net Interest Expense |
| NET_SET_INC | Net Interest Income |
| NET_SET_EXP | Net Interest Expense |
| NET_INT_INC | Net Interest Income |
| OUTLEG_PRN | Out Leg Principal |

Table B-2 (Cont.) Amount Tags Table

| Amount Tag | Description |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| OUTLEG_PRN_CONT | Out Leg Contingent Principal Amount |
| OUTLEG_PRN_DECR | Out Leg Principal Decrement |
| OUTLEG_PRN_INCR | Out Leg Principal Increment |
| OUTLEG_PRN_LIQD | Out Leg Principal Liquidation |
| PRV_INRVL_PAY | Previous In Leg Revaluation Payable |
| PRV_INRVL_REC | Previous In Leg Revaluation Receivable |
| PRV_NETRVL_EXP | Previous Net Revaluation Expense |
| PRV_NETRVL_INC | Previous Net Revaluation Income |
| PRV_OUTRVL_PAY | Previous Out Leg Revaluation Payable |
| PRV_OUTRVL_REC | Previous Out Leg Revaluation Receivable |
| TRMN_EXP_AMORT | Termination Expense Amortization Amount |
| TRMN_GAIN | Termination Gain |
| TRMN_GAIN_DEF | Termination Gain Deferred |
| TRMN_INC_AMORT | Termination Income Amortization Amount |
| TRMN_LOSS | Termination Loss |
| TRMN_LOSS_DEF | Termination Loss Deferred |
| Component_LIQD_CY | Current year Unrealized accrual amount for a component |
| Component_LIQD_PY | Previous year Unrealized accrual amount for a component |
| NET_INT_INCC | Net interest Income on Cash basis |
| NET_INT_INCA | Net interest Income on Accrual basis |
| NET_INT_EXPC | Net interest expense on Cash Basis |
| NET_INT_EXPA | Net interest expense on Accrual Basis |
| Component_IAC/EAC_NPRF | _NPRF tag would be created for each component. This tag would represent accruals for net profit deals. For example, DV_IN_INT_IAC_NPRF |
| Component_IAC/EAC_NLSS | Accruals for Net loss deals |
| Component_DLIQ_PY | Previous year Unrealized outstanding |
| Component_DLIQ_CY | Current year Unrealized outstanding |

In addition to these, you can define the number of tags as per your requirement for the ICCF and tax components that are attached to the product. The component is the ICCF created component.

**Note:**

NET_INT_INCC, NET_INT_INCA, NET_INT_EXPC, NET_INT_EXPA
Amount tags used in the case of FRA and NET_INT_EXP, NET_INT_INC
Amount Tags used in case of IRS/CCS.

B.3 Accounting Roles

This topic describes the accounting roles of Derivatives contract.

Table B-3 Accounting Roles table

| Accounting Role | Description |
|-----------------|---------------------------------|
| BROK_PAID | Brokerage Paid |
| BROK_PAYABLE | Brokerage Payable |
| CONT_ASSET | Contingent Asset |
| CONT_ASSET_OFS | Contingent Asset Offset |
| CONT_FAIR_VAL | Contract Fair Value Account |
| CONT_LIAB | Contingent Liability |
| CONT_LIAB_OFS | Contingent Liability Offset |
| DV_IN_INT_INC | DV_IN_INT - Income |
| DV_IN_INT_REC | DV_IN_INT - Receivable |
| DV_IN_INT_RIA | DV_IN_INT - Received in Advance |
| DV_OUT_INT_EXP | DV_OUT_INT - Expense |
| DV_OUT_INT_PAY | DV_OUT_INT - Payable |
| DV_OUT_INT_PIA | DV_OUT_INT - Paid in Advance |
| INCP_EXP | Inception Expense |
| INCP_GAIN_DEF | Inception Gain Deferral Account |
| INCP_INC | Inception Income |
| INCP_LOSS_DEF | Inception Loss Deferral Account |
| INLEG_ASSET | In Leg Asset |
| INLEG_RVL_EXP | In Leg Revaluation Expense |
| INLEG_RVL_INC | In Leg Revaluation Income |
| NET_RVL_EXP | Net Revaluation Expense |
| NET_RVL_INC | Net Revaluation Income |
| NET_SET_BRIDGE | Net Settlement Bridge |
| OUTLEG_LIAB | Out Leg Liability |
| OUTLEG_RVL_EXP | Out Leg Revaluation Expense |
| OUTLEG_RVL_INC | Out Leg Revaluation Income |
| TRMN_EXP | Termination Expense |
| TRMN_INC | Termination Income |

Table B-3 (Cont.) Accounting Roles table

| Accounting Role | Description |
|---------------------|-------------------------------------|
| TRMN_GAIN_DEF | Termination Gain Deferral Account |
| TRMN_LOSS_DEF | Termination Loss Deferral Account |
| Component_REC | Receivable |
| Component_PAY | Payable |
| Component_INC | Realized Income |
| Component_EXP | Realized Expense |
| Component_INC_UNRLZ | Unrealized Income |
| Component_EXP_UNRLZ | Unrealized Expense |
| TRMN_INC_UNRLZ | Unrealized termination income |
| TRMN_EXP_UNRLZ | Unrealized termination expense |
| NET_INT_INC | Net interest income |
| NET_INT_EXP | Net interest expense |
| NET_INT_RIA | Netted interest Received in advance |
| NET_INT_PIA | Netted interest paid in advance |
| NET_INT_INC_UNRLZ | Unrealized Net interest Income |
| NET_INT_EXP_UNRLZ | Unrealized Net interest Expense |

B.4 Event-wise Accounting Entries and Advices

This topic describes the event-wise accounting entries and advices.

In this section, we will discuss the suggested accounting entries and advice that must be generated for each event in the life cycle of Derivatives contracts.



Note:

Some number of Tags linked to the Accounting Roles are user-defined.

This topic contains following sub-topics:

- [DBOK: Contract Booking](#)
- [DINT: Contract Initiation](#)
- [FELR: Fee Liquidation](#)
- [DILQ: Contract Interest Liquidation](#)
- [Cash Flow](#)
- [DPLQ: Contract Principal Liquidation](#)
- [DRVL: Contract Revaluation](#)
- [DIAM: Contract Inception Amortization](#)

- DTER: Contract Termination
- DAMN: Contract Amendment
- DIAC: Contract Interest Accrual
- DTAM: Contract Termination Amortization
- DRRL: Contract Revaluation Reversal

B.4.1 DBOK: Contract Booking

Table B-4 Accounting Entries table

| Accounting Role | Amount Tag | Dr./Cr. Indicator |
|-----------------|----------------|-------------------|
| BROK_PAID | BROKAMT | DEBIT |
| BROK_PAYABLE | BROKAMT | CREDIT |
| CONT_FAIR_VAL | NCP_GAIN | DEBIT |
| INCP_INC | INCP_GAIN | CREDIT |
| CONT_FAIR_VAL | INCP_GAIN_DEF | DEBIT |
| INCP_GAIN_DEF | INCP_GAIN_DEF | CREDIT |
| CONT_FAIR_VAL | INCP_LOSS | CREDIT |
| INCP_EXP | INCP_LOSS | DEBIT |
| CONT_FAIR_VAL | INCP_LOSS_-DEF | CREDIT |
| INCP_LOSS_DEF | INCP_LOSS_-DEF | DEBIT |
| CONT_ASSET | INLEG_PRN | DEBIT |
| CONT_ASSET_OFS | INLEG_PRN | CREDIT |
| CONT_LIAB | OUTLEG_PRN | CREDIT |
| CONT_LIAB_OFS | OUTLEG_PRN | DEBIT |

B.4.2 DINT: Contract Initiation

Table B-5 DINT: Contract Initiation table

| Accounting Role | Amount Tag | Dr./Cr. Indicator |
|-----------------|------------|-------------------|
| CONT_ASSET | INLEG_PRN | CREDIT |
| CONT_ASSET_OFS | INLEG_PRN | DEBIT |
| INLEG_ASSET | INLEG_PRN | DEBIT |
| CUSTOMER | INLEG_PRN | CREDIT |
| CONT_LIAB | OUTLEG_PRN | DEBIT |
| CONT_LIAB_OFS | OUTLEG_PRN | CREDIT |
| OUTLEG_LIAB | OUTLEG_PRN | CREDIT |
| CUSTOMER | OUTLEG_PRN | DEBIT |

B.4.3 FELR: Fee Liquidation

Table B-6 FELR: Fee Liquidation

| Accounting Role | Amount Tag | Dr./Cr. Indicator |
|------------------|------------------|-------------------|
| CUSTOMER | DV_AMND_FEE_LIQD | DEBIT |
| DV_AMND_FEE_RECV | DV_AMND_FEE_LIQD | CREDIT |
| CUSTOMER | DV_AMND_FEE_LIQD | CREDIT |
| DV_AMND_FEE_PAY | DV_AMND_FEE_LIQD | DEBIT |

B.4.4 DILQ: Contract Interest Liquidation

Table B-7 Accounting Entries

| Accounting Role | Amount Tag | Dr./Cr. Indicator |
|-----------------|-----------------|-------------------|
| CUSTOMER | DV_IN_INT_ILIQ | DEBIT |
| DV_IN_INT_INC | DV_IN_INT_ILIQ | CREDIT |
| CUSTOMER | DV_OUT_INT_ELIQ | CREDIT |
| DV_OUT_INT_EXP | DV_OUT_INT_ELIQ | DEBIT |

Maintain the following accounting entry set-up when an arrears contract is liquidated with previous year adjustment option.

Table B-8 Adjustment Option

| In/ Outleg | Dr./Cr. Indicator | Accounting Role | Amount Tag |
|------------|-------------------|-------------------------|-------------------|
| In | Debit | Customer | Component_RLIQ |
| | Credit | Component_REC | Component_RLIQ |
| Out | Debit | Component_PAY | Component_RLIQ |
| | Credit | Component_RLIQ | Component_RLIQ |
| In | Debit | Component_INC_UNR LZ | Component_RLIQ_PY |
| | Credit | Component_INC | Component_RLIQ_PY |
| | Debit | Component_INC_UNR LZ | Component_RLIQ_CY |
| | Credit | Component_INC | Component_RLIQ_CY |
| Out | Debit | Component_EXP | Component_RLIQ_PY |
| - | Credit | Component_EXP_UNR LZ | Component_RLIQ_PY |
| - | Debit | Component_EXP | Component_RLIQ_PY |
| - | Credit | Component_EXP_UNR LZ | Component_RLIQ_PY |

Following are the accounting entries for netting transaction for below scenarios:

Table B-9 When negative interest is more than the positive interest for a given period during liquidation

| In/ Outleg | Dr./Cr. Indicator | Accounting Role | Amount Tag |
|------------|-------------------|-----------------------------|-----------------------------------|
| In | Debit | Negative Interest Comp _EXP | Negative Interest Comp _RLIQ/ELIQ |
| | Credit | CUSTOMER | Negative Interest Comp _RLIQ/ELIQ |
| Out | Debit | CUSTOMER | Negative Interest Comp _RLIQ/ELIQ |
| - | Credit | Negative Interest Comp _REC | Negative Interest Comp _RLIQ/ELIQ |

Table B-10 When positive interest is more than the negative interest for a given period during liquidation

| In/ Outleg | Dr./Cr. Indicator | Accounting Role | Amount Tag |
|------------|-------------------|-------------------------|-------------------------------|
| In | Credit | Main Interest Comp _REC | Main Interest Comp _RLIQ/ELIQ |
| | Debit | CUSTOMER | Main Interest Comp _RLIQ/ELIQ |
| Out | Credit | CUSTOMER | Main Interest Comp _RLIQ/ELIQ |
| Out | Debit | Main Interest Comp _EXP | Main Interest Comp _RLIQ/ELIQ |

Advices

Nil

Accounting Entry Setup (Settlement on Cash basis - Advance and Arrears)

Table B-11 Accounting Entries Table

| DR/CR | Accounting Role | | Amount Tag | |
|-------|-----------------|-------------------|----------------|--------------------------|
| DR | CUSTOMER | Customer | DV_IN_INT_ILIQ | Interest amount (Inleg) |
| CR | DV_IN_INT_INC | In leg Income GL | DV_IN_INT_ILIQ | Interest amount (Inleg) |
| DR | DV_OUT_INT_EXP | Out legExpense GL | DV_IN_INT_ELIQ | Interest amount (Outleg) |
| CR | CUSTOMER | Customer | NET_INT_INC | Interest amount (Outleg) |
| DR | CUSTOMER | Customer | NET_INT_INC | Net Income |
| CR | DV_IN_INT_INC | Net Income | NET_INT_EXP | |
| DR | DV_OUT_INT_EXP | Net Expense | NET_INT_EXP | Net Expense |
| CR | CUSTOMER | Customer | NET_INT_EXP | |

Assume the following parameters for a DV IRS deal.

In leg start date -: 01-jan-2004

Frequency -: Quarterly

In leg payment method-: Arrears

Accrual: No

In leg interest Component-: DV_IN_INT

Out leg start date-: 01-january-2004

Frequency-: Half yearly

Out leg payment method-: Arrears

Accrual: 'No'

Out leg interest Component-: DV_OUT_INT

Assume the following cash flows:

B.4.5 Cash Flow

Table B-12 Cash Flow Table

| In Schedule | Out Schedule Dates | In Interest amount | OUT Interest amount | Net Amount |
|-------------|--------------------|--------------------|---------------------|------------|
| 01-MAR-2004 | - | 100 | - | NA |
| 01-JUL-2004 | 01-Jul-2004 | 100 | 50 | +50 |
| 01-OCT-2004 | - | 100 | - | NA |
| 01-JAN-2005 | 01-JAN-2005 | 100 | 150 | -50 |

Accounting entries passed on 01-MAR-2004

Table B-13 Account Entry

| In Schedule | Out Schedule Dates | In Interest amount | OUT Interest amount | Net Amount |
|-------------|--------------------|--------------------|---------------------|------------|
| - | Role | Description | Tag | Amount |
| DR | CUSTOMER | Paragraph | DV_IN_INT_ILIQ | 100 |
| CR | DV_IN_INT_INC | In leg Income GL | DV_IN_INT_ILIQ | 100 |

Accounting entries passed on 01-JUL-2004 (Net Inflow)

Table B-14 Account Entry

| DR/CR | Accounting Role | | Amount Tag | |
|-------|-----------------|-------------|-------------|--------|
| - | Role | Description | Tag | Amount |
| DR | CUSTOMER | Customer | NET_INT_INC | 50 |

Table B-14 (Cont.) Account Entry

| DR/CR | Accounting Role | | Amount Tag | |
|-------|-----------------|--------------------|-------------|----|
| CR | DV_IN_INT_INC | Net InterestIncome | NET_INT_INC | 50 |

Accounting entries passed on 01-OCT-2004

Table B-15 Account Entry

| DR/Cr | Accounting Role | | Amount Tag | |
|-------|-----------------|------------------|----------------|--------|
| - | Role | Description | Tag | Amount |
| DR | CUSTOMER | Paragraph | DV_IN_INT_ILIQ | 100 |
| CR | DV_IN_INT_INC | In leg Income GL | DV_IN_INT_ILIQ | 100 |

Accounting entries passed on 01-JAN-2005 (Net Outflow)

Table B-16 Account Entry

| DR/Cr | Accounting Role | | Amount Tag | |
|-------|-----------------|---------------------|-------------|--------|
| - | Role | Description | Tag | Amount |
| DR | DV_OUT_INT_EXP | Net InterestExpense | NET_INT_EXP | 50 |
| CR | CUSTOMER | Customer | NET_INT_EXP | 50 |

Assume the following parameters for a DV IRS deal

In leg start date -: 01-JAN-2004

Frequency -: Monthly

In leg payment method -: Arrears

Accrual is -: Yes

In leg interest Component -: DV_IN_INT

Out leg start date -: 01-JAN-2004

Frequency -: Monthly

Out leg payment method -: Arrears

Accrual is -: Yes

Out leg interest Component -: DV_OUT_INT

Netting Allowed: Yes

Assume the following cash flows:

Table B-17 Account Entry

| DR/CR | Accounting Role | | Amount Tag | |
|-------|-----------------|---------------------|-------------|--------|
| | Role | Description | Tag | Amount |
| - | | | | |
| DR | DV_OUT_INT_EXP | Net InterestExpense | NET_INT_EXP | 50 |
| CR | CUSTOMER | Customer | NET_INT_EXP | 50 |

Assume the following parameters for a DV IRS deal.

In leg start date -: 01-Jan-2004

Frequency -: Quarterly

In leg payment method -: Arrears

Accrual: No

In leg interest Component -: DV_IN_INT

Out leg start date -: 01-Jan-2004

Frequency -: Half yearly

Out leg payment method -: Arrears

Accrual: 'No'

Out leg interest Component -: DV_OUT_INT

Assume the following cash flows:

Table B-18 Cash Flow

| Schedule Dates | IN Interest Amount | OUT Interest | Net Amount |
|----------------|--------------------|--------------|------------|
| 01-FEB-2004 | 100 | 60 | +40 |
| 01-MAR-2004 | 60 | 100 | -40 |

Table B-19 Accrual Entries

| Accounting Role | Amount Tag | Dr/Cr | Amount |
|-----------------|----------------|-------|--------|
| DV_IN_INT_INC | DV_IN_INT_RAC | Cr | 100 |
| DV_IN_INT_REC | DV_IN_INT_RAC | Dr | 100 |
| DV_OUT_INT_EXP | DV_OUT_INT_PAC | Dr | 60 |
| DV_OUT_INT_PAY | DV_OUT_INT_PAC | Cr | 60 |

Accounting entries passed on 01-FEB-2004 (Net inflow)

Table B-20 Accounting Entries

| DR/CR | Role | Description | Amount Tag | Amount |
|-------|---------------------|----------------------------------|--------------------|--------|
| DR | NET_- SET_BRIDGE | Net Settlement | DV_IN_INT_ITLQ | 100 |
| CR | DV_IN_INT_REC | In leg interestReceivabl e | DV_IN_INT_ITLQ | 100 |
| CR | NET_- SET_BRIDGE | Net Settlement | DV_IN_INT_OTL Q | 60 |
| DR | DV_IN_INT_PAY | In leg interest Payable | DV_IN_INT_OTL Q | 60 |
| DR | CUSTOMER | CUSTOMER | NET_-SET_INC | 40 |
| CR | NET_- SET_BRIDGE | NET_- SET_BRIDGE | NET_-SET_INC | 40 |

Table B-21 Accrual Entries

| Accounting Role | Amount Tag | Dr/Cr | Amount |
|-----------------|----------------|-------|--------|
| DV_IN_INT_INC | DV_IN_INT_RAC | Cr | 60 |
| DV_IN_INT_REC | DV_IN_INT_RAC | Dr | 60 |
| DV_OUT_INT_EXP | DV_OUT_INT_PAC | Dr | 100 |
| DV_OUT_INT_PAY | DV_OUT_INT_PAC | Cr | 100 |

Accounting entries passed on 01-MAR-2004(Net Outflow)

Table B-22 Accrual Entries

| DR/CR | Role | Description | Amount Tag |
|-------|-----------------|-------------------------------|-----------------|
| DR | NET_-SET_BRIDGE | Net Settlement | DV_IN_INT_ ITLQ |
| CR | DV_IN_INT_REC | In leg interest Receivable | DV_IN_INT_ ITLQ |
| CR | NET_-SET_BRIDGE | Net Settlement | DV_IN_INT_OTLQ |
| DR | DV_IN_INT_PAY | In leg interestPayable | DV_IN_INT_OTLQ |

Accounting Entry Setup (Settlement on Non Cash basis - Advance Contracts)

Table B-23 Accounting Entry

| DR/CR | Accounting Role | | Amount Tag | |
|-------|-----------------|-------------|--------------------|---------------------------|
| - | Role | Description | Tag | Description |
| DR | CUSTOMER | Customer | DV_IN_INT_DLI Q | Interestamount(In leg) |

Table B-23 (Cont.) Accounting Entry

| DR/CR | Accounting Role | | Amount Tag | |
|-------|-----------------|-------------------------------------|------------------|------------------------------|
| CR | DV_IN_INT_RIA | In leg interest Received in advance | DV_IN_INT_DLI Q | Interest amount (In leg) |
| DR | DV_OUT_INT_PIA | Out leg Expense Paid in Advance | DV_OUT_INT_D LIQ | Interest amount (Out leg) |
| CR | CUSTOMER | Customer | DV_OUT_INT_D LIQ | Interest amount (Out leg) |
| DR | CUSTOMER | Customer | NET_INT_INC | Net Income on Accrual basis |
| CR | DV_IN_INT_RIA | Net Interest received in advance | NET_INT_INC | |
| DR | DV_OUT_INT_PIA | Net expense paid in advance | NET_INT_EXP | Net Expense on Accrual basis |
| CR | CUSTOMER | Net Expense paid in advance | NET_INT_EXP | |

Accounting Entry Setup (Settlement on Non Cash basis - Arrears Contracts)

Table B-24 Accounting Entries

| DR/CR | Accounting Role | | Amount Tag | |
|-------|-----------------|-------------------------|-----------------|------------------------------|
| - | Role | Description | Tag | Description |
| DR | CUSTOMER | Customer | DV_IN_INT_RLIQ | Interest amount (In leg) |
| CR | DV_IN_INT_REC | In leg receivable GL | DV_IN_INT_RLIQ | Interest Amount (In leg) |
| DR | DV_OUT_INT_PAY | Out leg payable GL | DV_OUT_INT_RLIQ | Interest amount (Out leg) |
| CR | CUSTOMER | Customer | DV_OUT_INT_RLIQ | Interest amount (Out leg) |
| DR | CUSTOMER | Customer | NET_INT_INC | Net Income on Accrual basis |
| CR | DV_IN_INT_REC | Net Interest Receivable | NET_INT_INC | |
| DR | DV_OUT_INT_PAY | Net expense Payable | NET_INT_EXP | Net Expense on Accrual basis |
| CR | CUSTOMER | Net Expense | NET_INT_EXP | |

Accounting Entry Setup (Settlement on Non Cash basis - Advance Contracts-Netting allowed)

Table B-25 Accounting Entries

| DR/CR | Role | Description | Tag | Description |
|-------|-----------------|-------------------------------------|----------------|-----------------------------------------|
| DR | NET_-SET_BRIDGE | Net Settlement | DV_IN_INT_IADL | Interest amount(In leg) |
| CR | DV_IN_INT_RIA | In leg interest Received in advance | DV_IN_INT_IADL | Interest amount(In leg) |
| CR | NET_-SET_BRIDGE | Net Settlement | DV_IN_INT_OADL | Interest amount(Out leg) |
| DR | DV_IN_INT_PIA | Out leg Expense Paid in Advance | DV_IN_INT_OADL | Interest amount(Out leg) |
| DR | CUSTOMER | CUSTOMER | NET_-SET_INC | Net Settlement Income on Accrual basis |
| CR | NET_-SET_BRIDGE | Net Settlement | NET_-SET_INC | |
| CR | CUSTOMER | CUSTOMER | NET_SET_-EXP | Net Settlement Expense on Accrual basis |
| DR | NET_-SET_BRIDGE | Net Settlement | NET_SET_-EXP | |

In the Net liquidation event, the receivable and payable GLs is liquidated into a Net Settlement/ Settlement Bridge GL, ensuring zero balance at the end of liquidation of cash-flows.

Accounting Entry Setup (Settlement on Non Cash basis - Arrears Contracts, Netting allowed)

Table B-26 Arrears

| CR/DR | Role | Description | Tag | Description |
|-------|-----------------|----------------------------|----------------|-----------------------------------------|
| DR | NET_-SET_BRIDGE | Net Settlement | DV_IN_INT_ITLQ | Interest amount(In leg) |
| CR | DV_IN_INT_REC | In leg interest Receivable | DV_IN_INT_ITLQ | Interest amount(In leg) |
| CR | NET_-SET_BRIDGE | Net Settlement | DV_IN_INT_OTLQ | Interest amount(Out leg) |
| DR | DV_IN_INT_PAY | In leg interest Payable | DV_IN_INT_OTLQ | Interest amount(Out leg) |
| DR | CUSTOMER | CUSTOMER | NET_SET_INC | Net Settlement Income on Accrual basis |
| CR | NET_-SET_BRIDGE | Net Settlement | NET_SET_INC | |
| CR | CUSTOMER | CUSTOMER | NET_SET_-EXP | Net Settlement Expense on Accrual basis |
| DR | NET_-SET_BRIDGE | Net Settlement | NET_SET_-EXP | |



Note:

In all the above scenarios, if the in leg and out leg schedules coincide (Settlement on cash and non-cash basis), netting tags (NET_INT_INC and NET_INT_EXP) will be updated. Other amount of tags will not be applicable in this case.

For a non-cash basis, settlements allow the netting and set the accrual to Yes to update the netting tags such as NET_SET_INC, NET_SET_EXP along with other amounts tags mentioned in the above table.

B.4.6 DPLQ: Contract Principal Liquidation

Table B-27 Accounting Entries

| Accounting Role | Amount Tag | Dr./Cr. |
|-----------------|-----------------|---------|
| CONT_ASSET | INLEG_PRN_DECR | CREDIT |
| CONT_ASSET_OFS | INLEG_PRN_DECR | DEBIT |
| CUSTOMER | INLEG_PRN_DECR | DEBIT |
| INLEG_ASSET | INLEG_PRN_DECR | CREDIT |
| CONT_ASSET | INLEG_PRN_INCR | DEBIT |
| INLEG_ASSET | INLEG_PRN_INCR | DEBIT |
| CUSTOMER | INLEG_PRN_INCR | CREDIT |
| CONT_ASSET_OFS | INLEG_PRN_INCR | CREDIT |
| CONT_ASSET | INLEG_PRN_LIQD | CREDIT |
| CONT_ASSET_OFS | INLEG_PRN_LIQD | DEBIT |
| CUSTOMER | INLEG_PRN_LIQD | DEBIT |
| INLEG_ASSET | INLEG_PRN_LIQD | CREDIT |
| CONT_ASSET_OFS | OUTLEG_PRN_DECR | CREDIT |
| OUTLEG_LIAB | OUTLEG_PRN_DECR | DEBIT |
| CUSTOMER | OUTLEG_PRN_DECR | CREDIT |
| CONT_LIAB | OUTLEG_PRN_DECR | DEBIT |
| CONT_ASSET_OFS | OUTLEG_PRN_DECR | DEBIT |
| OUTLEG_LIAB | OUTLEG_PRN_DECR | CREDIT |
| CUSTOMER | OUTLEG_PRN_DECR | DEBIT |
| CONT_LIAB | OUTLEG_PRN_DECR | CREDIT |
| CONT_LIAB | OUTLEG_PRN_LIQD | DEBIT |
| OUTLEG_LIAB | OUTLEG_PRN_LIQD | DEBIT |
| CUSTOMER | OUTLEG_PRN_LIQD | CREDIT |
| CONT_LIAB_OFS | OUTLEG_PRN_LIQD | CREDIT |

Advices

NIL

B.4.7 DRVL: Contract Revaluation

Table B-28 Accounting Entries

| Accounting Role | Amount Tag | Dr./Cr. |
|-----------------|----------------|---------|
| CONT_FAIR_VAL | CUR_INRVL_PAY | CREDIT |
| INLEG_RVL_EXP | CUR_INRVL_PAY | DEBIT |
| CONT_FAIR_VAL | CUR_INRVL_REC | DEBIT |
| INLEG_RVL_INC | CUR_INRVL_REC | CREDIT |
| CONT_FAIR_VAL | CUR_NETRVL_INC | CREDIT |
| NET_RVL_EXP | CUR_NETRVL_EXP | DEBIT |
| CONT_FAIR_VAL | CUR_NETRVL_INC | DEBIT |
| NET_RVL_INC | CUR_NETRVL_INC | CREDIT |
| CONT_FAIR_VAL | CUR_OUTRVL_PAY | CREDIT |
| OUTLEG_RVL_EXP | CUR_OUTRVL_PAY | DEBIT |
| CONT_FAIR_VAL | CUR_OUTRVL_REC | DEBIT |
| OUTLEG_RVL_INC | CUR_OUTRVL_REC | CREDIT |
| CONT_FAIR_VAL | PRV_INRVL_PAY | DEBIT |
| INLEG_RVL_EXP | PRV_INRVL_PAY | CREDIT |
| CONT_FAIR_VAL | PRV_INRVL_REC | CREDIT |
| INLEG_RVL_INC | PRV_INRVL_REC | DEBIT |
| CONT_FAIR_VAL | PRV_NETRVL_EXP | DEBIT |
| NET_RVL_EXP | PRV_NETRVL_EXP | CREDIT |
| CONT_FAIR_VAL | PRV_NETRVL_INC | CREDIT |
| NET_RVL_INC | PRV_NETRVL_INC | DEBIT |
| CONT_FAIR_VAL | PRV_OUTRVL_PAY | DEBIT |
| OUTLEG_RVL_EXP | PRV_OUTRVL_PAY | CREDIT |
| CONT_FAIR_VAL | PRV_OUTRVL_REC | CREDIT |
| OUTLEG_RVL_INC | PRV_OUTRVL_REC | DEBIT |

Advices

NIL

B.4.8 DIAM: Contract Inception Amortization

Table B-29 Accounting Entries

| Accounting Role | Amount Tag | Dr./Cr. |
|-----------------|----------------|---------|
| INCP_EXP | INCP_EXP_AMORT | DEBIT |
| INCP_LOSS_DEF | INCP_EXP_AMORT | CREDIT |

Table B-29 (Cont.) Accounting Entries

| Accounting Role | Amount Tag | Dr./Cr. |
|-----------------|----------------|---------|
| INCP_GAIN_DEF | INCP_INC_AMORT | DEBIT |
| INCP_INC_AMORT | INCP_INC_AMORT | CREDIT |

B.4.9 DTER: Contract Termination

Table B-30 Accounting Entries for NPV/Rebate

| Accounting Role | Amount Tag | Dr./Cr. |
|-----------------|-----------------|---------|
| DV_IN_INT_INC | DV_IN_INT_IAC | CREDIT |
| DV_IN_INT_RIA | DV_IN_INT_IAC | DEBIT |
| DV_IN_INT_INC | DV_IN_INT_JEAC | DEBIT |
| DV_IN_INT_REC | DV_IN_INT_JEAC | CREDIT |
| DV_OUT_INT_EXP | DV_OUT_INT_EAC | DEBIT |
| DV_OUT_INT_PIA | DV_OUT_INT_EAC | CREDIT |
| DV_OUT_INT_EXP | DV_OUT_INT_JIAC | CREDIT |
| DV_OUT_INT_PAY | DV_OUT_INT_JIAC | DEBIT |
| CONT_ASSET | INLEG_PRN_CONT | CREDIT |
| CONT_ASSET_OFS | INLEG_PRN_CONT | DEBIT |
| CONT_ASSET | INLEG_PRN_LIQD | CREDIT |
| CUSTOMER | INLEG_PRN_LIQD | DEBIT |
| CONT_ASSET_OFS | INLEG_PRN_LIQD | DEBIT |
| INLEG_ASSET | INLEG_PRN_LIQD | CREDIT |
| CONT_LIAB | OUTLEG_PRN_CONT | DEBIT |
| CONT_LIAB_OFS | OUTLEG_PRN_CONT | CREDIT |
| CONT_LIAB | OUTLEG_PRN_LIQD | DEBIT |
| OUTLEG_LIAB | OUTLEG_PRN_LIQD | DEBIT |
| CUSTOMER | OUTLEG_PRN_LIQD | CREDIT |
| CONT_LIAB_OFS | OUTLEG_PRN_LIQD | CREDIT |
| CUSTOMER | TRMN_GAIN | DEBIT |
| CUSTOMER | TRMN_LOSS | CREDIT |
| TRMN_INC | TRMN_GAIN | CREDIT |
| TRMN_EXP | TRMN_LOSS | DEBIT |

Table B-31 Negative interest component in DV termination

| Dr/Cr | Accounting Role | Amount Tag |
|--------|-------------------------|-------------------------|
| Credit | Main Interest _Comp_INC | Main Interest _Comp_IAC |

Table B-31 (Cont.) Negative interest component in DV termination

| Dr/Cr | Accounting Role | Amount Tag |
|--------|-----------------------------|-----------------------------|
| Debit | Main Interest _Comp_RIA | Main Interest _Comp_IAC |
| Debit | Main Interest _Comp_INC | Main Interest _Comp_JEAC |
| Credit | Main Interest _Comp_REC | Main Interest _Comp_JEAC |
| Credit | Negative Interest Comp _EXP | Negative Interest Comp _IAC |
| Debit | Negative Interest Comp _PAY | Negative Interest Comp _IAC |
| Credit | Negative Interest Comp _EXP | Negative Interest Comp JEAC |
| Debit | Negative Interest Comp _PAY | Negative Interest Comp JEAC |
| Debit | CUSTOMER | TRMN_GAIN |
| Credit | TRMN_INC | TRMN_GAIN |
| Credit | CUSTOMER | TRMN_LOSS |
| Debit | TRMN_EXP | TRMN_LOSS |

Table B-32 Advices

| Accounting Role | Amount Tag |
|-----------------|-----------------|
| DV_FRA_TRMN | FRA Termination |
| NA | NA |

B.4.10 DAMN: Contract Amendment

Table B-33 Principal Increase

| Accounting Role | Amount Tag | Dr./Cr. |
|-----------------|-----------------|---------|
| CUSTOMER | INLEG_PRN_AMIN | CREDIT |
| CUSTOMER | OUTLEG_PRN_AMIN | DEBIT |
| INLEG_ASSET | INLEG_PRN_AMIN | DEBIT |
| OUTLEG_LIAB | OUTLEG_PRN_AMIN | CREDIT |

Table B-34 Principal Decrease

| Accounting Role | Amount Tag | Dr./Cr. |
|-----------------|-----------------|---------|
| CUSTOMER | INLEG_PRN_AMDE | DEBIT |
| CUSTOMER | OUTLEG_PRN_AMDE | CREDIT |
| INLEG_ASSET | INLEG_PRN_AMDE | CREDIT |
| OUTLEG_LIAB | OUTLEG_PRN_AMDE | DEBIT |

B.4.11 DIAC: Contract Interest Accrual

Table B-35 Accounting Entries

| Accounting Role | Amount Tag | Dr./Cr. |
|-----------------|----------------|---------|
| DV_IN_INT_INC | DV_IN_INT_IAC | CREDIT |
| DV_IN_INT_RIA | DV_IN_INT_IAC | DEBIT |
| DV_IN_INT_INC | DV_IN_INT_RAC | CREDIT |
| DV_IN_INT_REC | DV_IN_INT_RAC | DEBIT |
| DV_OUT_INT_EXP | DV_OUT_INT_EAC | DEBIT |
| DV_OUT_INT_PIA | DV_OUT_INT_EAC | CREDIT |
| DV_OUT_INT_EXP | DV_OUT_INT_PAC | DEBIT |
| DV_OUT_INT_PAY | DV_OUT_INT_PAC | CREDIT |

The DIAC event passed entries (Arrears Contracts) for transfer of unrealized to realized income are as follows:

Table B-36 DIAC Passed Entry Events

| In/Out leg | Dr./Cr. Indicator | Accounting Role | Amount Tag |
|------------|-------------------|-------------------------|----------------|
| In | Debit | Component_REC | Component_RAC |
| | Credit | Component_INC_UNRL Z | Component_RAC |
| Out | Debit | Component_EXP_UNR LZ | Component_PAC |
| | Credit | Component_PAY | Component_PAC |
| In | Debit | DV_IN_INT_INC | DV_IN_INT_RAC |
| - | Credit | DV_IN_INT_REC | DV_IN_INT_RAC |
| Out | Debit | DV_OUT_INT_EXP | DV_OUT_INT_PAC |
| | Credit | DV_OUT_INT_PAY | DV_OUT_INT_PAC |

The DIAC event passed entries (Arrears Contracts) for transfer of unrealized to realized income are as follows:

Table B-37 DIAC Passed Entry Events

| In/Out leg | Dr./Cr. Indicator | Accounting Role | Amount Tag |
|------------|-------------------|-------------------------|---------------|
| In | Debit | Component_RIA | Component_IAC |
| | Credit | Component_INC_UNRL Z | Component_IAC |
| Out | Debit | Component_EXP_UNR LZ | Component_EAC |
| | Credit | Component_PIA | Component_EAC |
| In | Debit | DV_IN_INT_INC | DV_IN_INT_IAC |

Table B-37 (Cont.) DIAC Passed Entry Events

| In/Out leg | Dr./Cr. Indicator | Accounting Role | Amount Tag |
|---------------------------------------|-------------------|-----------------------------|-----------------------------------|
| | Credit | DV_IN_INT_RIA | DV_IN_INT_IAC |
| Out | Debit | DV_OUT_INT_EXP | DV_OUT_INT_EAC |
| | Credit | DV_OUT_INT_PIA | DV_OUT_INT_EAC |
| Final Accruals (In addition to above) | | | |
| In | Debit | Component_INC_UNRL Z | Component_DLIQ_PY |
| | Credit | Component_INC | Component_DLIQ_PY |
| | Debit | Component_INC_UNRL Z | Component_DLIQ_CY |
| | Credit | Component_INC | Component_DLIQ_CY |
| Out | Debit | Component_EXP | Component_DLIQ_PY |
| | Credit | Component_EXP_UNR LZ | Component_DLIQ_PY |
| | Debit | Component_EXP | Component_DLIQ_PY |
| | Credit | Component_EXP_UNR LZ | Component_DLIQ_PY |
| IN Leg | Credit | Main Interest CompINC | Main Interest Comp_RAC/IAC |
| - | Debit | Main Interest CompREC | Main Interest Comp_RAC/IAC |
| - | Credit | NegativeInterest CompPAY | Negative Interest Comp_RAC/IAC |
| - | Debit | NegativeInterest CompEXP | Negative Interest Comp_RAC/IAC |
| Out Leg | Debit | Main Interest CompEXP | Main Interest Comp_PAC/EAC |
| - | Credit | MainInterest CompPAY | Main Interest Comp_PAC/EAC |
| - | Debit | NegativeInterest CompREC | Negative Interest Comp_PAC/EAC |
| - | Credit | NegativeInterest CompINC | Negative Interest Comp_PAC/EAC |

Advices

No advice allowed for this Event.

B.4.12 DTAM: Contract Termination Amortization

Table B-38 Accounting Entries

| Accounting Role | Amount Tag | Dr./Cr. |
|-----------------|----------------|---------|
| TRMN_EXP | TRMN_EXP_AMORT | DEBIT |

Table B-38 (Cont.) Accounting Entries

| Accounting Role | Amount Tag | Dr./Cr. |
|-----------------|----------------|---------|
| TRMN_LOSS_DEF | TRMN_EXP_AMORT | CREDIT |
| TRMN_GAIN_DEF | TRMN_INC_AMORT | DEBIT |
| TRMN_INC | TRMN_INC_AMORT | CREDIT |

Passed entries during the transfer of unrealized to realized income are as follows:

Table B-39 Realized Income

| Gain/Loss | Dr./Cr. | Accounting Role | Amount Tag |
|---------------------------------------------|---------|-----------------|----------------|
| Gain | Debit | TRMN_GAIN_DEF | TRMN_INC_AMORT |
| - | Credit | TRMN_INC_UNRLZ | TRMN_INC_AMORT |
| Loss | Debit | TRMN_EXP_UNRLZ | TRMN_EXP_AMORT |
| - | Credit | TRMN_LOSS_DEF | TRMN_EXP_AMORT |
| On Contract Maturity (In addition to above) | | | |
| Gain | Debit | TRMN_INC_UNRLZ | TRMN_GAIN_PY |
| | Credit | TRMN_INC | TRMN_GAIN_PY |
| | Debit | TRMN_INC_UNRLZ | TRMN_GAIN_PY |
| | Credit | TRMN_INC | TRMN_GAIN_PY |
| Loss | Debit | TRMN_EXP | TRMN_LOSS_PY |
| | Credit | TRMN_EXP_UNRLZ | TRMN_LOSS_PY |
| | Debit | TRMN_EXP | TRMN_LOSS_CY |
| | Credit | TRMN_EXP_UNRLZ | TRMN_LOSS_CY |

If the amount tag is of type Component_RLIQ/DLIQ_PY and if the accounting role pertains to unrealized income/expense, the head for the accounting role will be replaced by the previous year adjustment GL while passing accounting entries.

 **Note:**

The transfer of income/expense from the previous year adjustment GL to the realized income/ expense GL happens only if the Track PY P&L Adjustment option is set as a branch preference through the 'Branch Parameter' screen.

For example, when processing an FRA contract which has the following interest components:

- DV_IN_INT – In leg
- DV_OUT_INT – Out leg

The previous year unrealized Income/Expense for the components are as follows:

- DV_IN_INT – 300 (Unrealized Income)

- DV_OUT_INT – 400 (Unrealized Expense)

Assuming the deal to be in net profit, with inflow as 500 and outflow as 275 the accounting entries passed during liquidation and final accrual are:

Table B-40 DILQ

| Gain/Loss | Accounting Role | Amount Tag |
|-----------|-----------------|-----------------------|
| Debit | CUSTOMER | 500 (DV_IN_INT_DLIQ) |
| Credit | DV_IN_INT_RIA | 500 |
| Debit | DV_OUT_INT_PIA | 275 (DV_OUT_INT_DLIQ) |
| Credit | Customer | 225 |

Table B-41 DIAC

| Gain/Loss | Accounting Role | Amount Tag |
|-----------|----------------------|--------------------|
| Debit | DV_IN_INT_RIA | 75(DV_IN_INT_IAC) |
| Credit | DV_IN_INT_INC_UNRLZ | 75 |
| Debit | DV_OUT_INT_EXP_UNRLZ | 45(DV_OUT_INT_EAC) |
| Credit | DV_OUT_INT_PIA | 45 |

Table B-42 Moving Unrealized Income/Expense to real Income/Expense

| Gain/Loss | Accounting Role | Amount Tag |
|-----------|--------------------------|-----------------------------|
| Debit | Previous Yr AdjustmentGL | 300 (DV_IN_INT_DLIQ_PY) |
| Credit | DV_IN_INT_INC | 300 |
| Debit | DV_IN_INT_INC_UNRLZ | 200 (DV_IN_INT_DLIQ_CY) |
| Credit | DV_IN_INT_INC | 200 |
| Debit | DV_IN_INT_EXP | 275 (DV_OUT_INT_DLIQ_PY) |
| Credit | Previous Yr AdjustmentGL | 275 |

 **Note:**

Use the Previous Year Adjustment GL maintained in Chart of Accounts to transfer income to the realized income GL from the unrealized GL when an arrears contract is liquidated, (DILQ event) or an advance contract completes accruals (DIAC event).

Because the previous year unrealized income would have already moved to the year ends P and L, (EYPL) GL after financial closure. The remaining amount if any is debited from the current year unrealized income GL

B.4.13 DRRL: Contract Revaluation Reversal

Case I – Next Day in BOD (when next day is not the beginning of a new financial year) or at the time of the next revaluation.

Table B-43 Accounting Entries

| Accounting Role | Amount Tag | Debit /Credit |
|-----------------------|----------------|---------------|
| INLEG_RVL_INC | PRV_INRVL_REC | Debit |
| CONT_FAIR_VAL | PRV_INRVL_REC | Credit |
| CONT_FAIR_VAL | PRV_INRVL_PAY | Debit |
| INLEG_RVL_EXP | PRV_INRVL_PAY | Credit |
| Outleg Entries | - | - |
| OUTLEG_RVL_INC | PRV_OUTRVL_REC | Debit |
| CONT_FAIR_VAL | PRV_OUTRVL_REC | Credit |
| CONT_FAIR_VAL | PRV_OUTRVL_PAY | Debit |
| OUTLEG_RVL_-EXP | PRV_OUTRVL_PAY | Credit |
| NET_RVL_INC | PRV_NETRVL_INC | Debit |
| CONT_FAIR_VAL | PRV_NETRVL_INC | Credit |
| CONT_FAIR_VAL | PRV_NETRVL_EXP | Debit |
| NET_RVL_EXP | PRV_NETRVL_EXP | Credit |

Case II – Next Day during BOD (if the next day is the beginning of a new financial year).

Table B-44 Accounting Entries

| Accounting Role | Amount Tag | Debit /Credit |
|-----------------|-------------------|---------------|
| In-leg entries | - | - |
| INLEG_RVL_INC | PRV_INRVL_REC_PY | Debit |
| CONT_FAIR_VAL | PRV_INRVL_REC_PY | Credit |
| CONT_FAIR_VAL | PRV_INRVL_PAY_PY | Debit |
| INLEG_RVL_EXP | PRV_INRVL_PAY_PY | Credit |
| Out-leg Entries | - | - |
| OUTLEG_RVL_INC | PRV_OUTRVL_REC_PY | Debit |
| CONT_FAIR_VAL | PRV_OUTRVL_REC_PY | Credit |
| CONT_FAIR_VAL | PRV_OUTRVL_PAY_PY | Debit |
| OUTLEG_RVL_-EXP | PRV_OUTRVL_PAY_PY | Credit |
| NET_RVL_INC | PRV_NETRVL_INC_PY | Debit |
| CONT_FAIR_VAL | PRV_NETRVL_INC_PY | Credit |
| CONT_FAIR_VAL | PRV_NETRVL_EXP_PY | Debit |
| NET_RVL_EXP | PRV_NETRVL_EXP_PY | Credit |

For FRA contracts satisfying the following conditions, the accounting entries for the Interest Settlement (Cash and Accrual) and Interest Accrual events are given below with the help of an example.

Enable the Netting required option at the derivatives type level, and the required accrual must be either enabled or disabled for both the legs. An error message displays if this is not the case.

This applies only to FRA contracts having the following definition of the derivative type attached in the product:

- Check the required netting
- The payment method for both the in leg and out leg in advance.
- Principal Exchange required is No.
- Asynchronous Interest schedules are not allowed.
- Asynchronous Revision schedules are not allowed.

For example, An FRA contract has DV_IN_INT as the In Leg interest component and DV_OUT_INT as the Out Leg interest component. The deal is settled on Value Date with the following values for interest components:

Rounded amounts before netting

Table B-45 Interest Component Values

| Contract | Amount |
|--------------|------------------|
| DV_IN_INT = | USD57.9818955567 |
| DV_OUT_INT = | USD32.1851185555 |

Table B-46 Net Interest Income

| Contract | Amount |
|--------------|-----------|
| DV_IN_INT = | USD 57.98 |
| DV_OUT_INT = | USD 32.19 |

The Net Interest income is $57.98 - 32.19 = \text{USD } 25.79$.

Table B-47 Case I - Settlement on Cash basis

| Debit/Credit | Accounting Role | Amount Tag | Amount |
|--------------|-----------------|--------------|-----------|
| Debit | Customer | NET_INT_INCC | USD 25.79 |
| Credit | NET_INT_INC | NET_INT_INCC | USD 25.79 |

Table B-48 Case II - Settlement on Accrual basis

| Debit/Credit | Accounting Role | Amount Tag | Amount |
|--------------|-----------------|--------------|-----------|
| Debit | Customer | NET_INT_INCA | USD 25.79 |
| Credit | NET_INT_RIA | NET_INT_INCA | USD 25.79 |

Accruals for In and Out Leg are performed separately. The In Leg accrued amount for the above deal is USD 5.25 and the Out Leg accrued amount is USD 3.47. The deal has made a net profit since the inflow is more than the outflow.

Entries passed during Contract Interest Accrual (DIAC) are given below.

Table B-49 Contract Interest Accrual (DIAC)

| Debit/ Credit | Accounting Role | Amount Tag | Amount |
|---------------|-----------------|--------------------|----------|
| Debit | NET_INT_RIA | DV_IN_INT_IAC_NPRF | USD 5.25 |
| Credit | NET_INT_INC | DV_IN_INT_IAC_NPRF | USD 5.25 |
| Debit | NET_INT_INC | DV_IN_INT_IAC_NPRF | USD 3.47 |
| Credit | NET_INT_RIA | DV_IN_INT_IAC_NPRF | USD 3.47 |



Note:

Component_IAC/EAC_NLSS/NPRF tags for each of the interest components are created automatically on the creation of a new interest class.

SGEN - Settlement Message Generation

No entries are passed for this event.

Only Payment Message can be maintained for this event.

Multi Media Support

The Multi Media support for same location and message type is enabled fin OBTR. The following table describes the Message type and Media details for multi media support.

Table B-50 Message Types and Media Details for Multi Media Support

| Message Type | Descripton | Media |
|--------------|---------------------------|------------------------------------|
| DV_CCS_AMND | CCS Amendment | Mail, Swift, Telex, Email, and Fax |
| DV_CCS_CONF | CCS Contract Confirmation | Mail, Swift, Email, Telex, and Fax |
| DV_CCS_TKT | CCS Deal Ticket | Mail, Email, Telex, and Fax |
| DV_CCS_TRMN | CCS Termination | Mail, Swift, Email, Telex, and Fax |
| DV_FRA_AMND | FRA Amendment | Mail, Swift, Email, Telex, and Fax |
| DV_FRA_CONF | FRA Contract Confirmation | Mail, Swift, Email, Telex, and Fax |
| DV_FRA_TKT | FRA Deal Ticket | Mail, Email, Telex, and Fax |
| DV_FRA_TRMN | FRA Termination | Mail, Swift, Email, Telex, and Fax |

Table B-50 (Cont.) Message Types and Media Details for Multi Media Support

| Message Type | Descripton | Media |
|---------------------|---------------------------|------------------------------------|
| DV_IRS_AMND | IRS Amendment | Mail, Swift, Email, Telex, and Fax |
| DV_IRS_CONF | IRS Contract Confirmation | Mail, Swift, Email, Telex, and Fax |
| DV_IRS_TKT | IRS Deal Ticket | Fax, Mail , Telex, and Mail |
| DV_IRS_TRMN | IRS Termination | Mail, Swift, Email, Telex, and Fax |
| DV_RATE_RESET | Rate Reset | Mail, Swift, Email, Telex, and Fax |
| FRA_SET_CONF | FRA Reset Confirmation | Mail, Swift, Email, Telex, and Fax |

Index

C

CFDFRTCD- Rate Code Definition, [6-2](#)

D

DVDBRNPM- Derivatives Branch Parameter Maintenance, [2-7](#)

DVDBRRAT- Derivatives Revaluation Branch Interest Dates, [3-24](#)

DVDCNRAT- Derivatives Revaluation Contract Interest Rates, [3-27](#)

DVDCNVAL- Derivatives Revaluation Contract Fair Values, [3-22](#)

DVDCPMNT- Counter Party Master Agreement Maintenance, [2-11](#)

DVDDTMNT- Derivative Type Maintenance, [2-2](#)

DVDISDCO- ISDA Confirmation, [5-84](#)

DVDMGMNT- Messaging Parties Maintenance, [2-16](#)

DVDPRMNT- Derivative Product Definition, [3-1](#)

DVDPRSET- Contract Manual Principal Reset, [5-90](#)

DVDTREAS- Derivative Contract Reassign, [5-83](#)

DVDTRONL- Derivative Contract Input, [5-2](#)

DVDTRPAY- Manual Liquidation, [5-94](#), [6-5](#)

DVSISDCO- ISDA Confirmation Summary, [5-86](#)

DVSTRONL- Derivative Contract Summary, [5-76](#)

DVSTRPAY- Derivatives Manual Liquidation Summary, [5-96](#)

S

STDTRBRN- Treasury Branch Parameter Maintenance, [5-87](#)

T

TRDRTFXD- Treasury Rate Fixing Maintenance, [5-88](#)