

# Oracle® Banking Treasury Management

## Islamic Money Market



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# Preface

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

This preface has the following topics:

- [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               |
| AIF                       | Alternative Investment Fund        |
| CLS                       | Continuous Linked Settlement       |
| CIF                       | Customer Information Files         |
| DV                        | Derivatives                        |
| Dr                        | Debit                              |
| EOFI                      | End of Financial Input             |
| EOD                       | End of Day                         |
| FX                        | Foreign Exchange                   |
| GL                        | General Ledger                     |
| IRS                       | Internal Revenue Service           |
| ICCB                      | Interest Commission Charge and Fee |

**Table 1 (Cont.) Acronyms and Abbreviations**

| Abbreviations or Acronyms | Definition                         |
|---------------------------|------------------------------------|
| LCY                       | Local Currency                     |
| LIBOR                     | London Interbank Offered Rate      |
| MM                        | Money Market                       |
| MC                        | Islamic Money Market               |
| OBTR                      | Oracle Banking Treasury Management |
| OT                        | Over the Counter Options           |
| RFR                       | Risk Free Rates                    |

## Conventions

The following text conventions are used in this document:

**Table 2 Conventions and Meaning**

| Convention             | Meaning                                                                                                                                |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| <b>boldface</b>        | 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 the Islamic Money Market Module              | Explains a snapshot of the features that the module provides.                                        |
| Define the Attributes of a Murabaha Money Market Product | Explains how to define the attributes specific to setting up a Money Market product.                 |
| Process an Murabaha MM Deal                              | Explains the processing of Murabaha Money Market deals.                                              |
| Process Repayments                                       | Explains the details on how repayment schedules are defined and liquidated.                          |
| Make Profit Rate Changes                                 | Explains value-dated changes to a Murabaha Money Market deal.                                        |
| Roll Over a Deal                                         | Explains the details to Roll Over a Deal describing how Murabaha Money Market Deals are rolled over. |
| Automatic Processing                                     | Explains the features of the Automatic Contract Update function.                                     |
| Customer Correspondence                                  | Explains the details of Customer Correspondence.                                                     |

| Topics                                                       | Description                                                                                                                             |
|--------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Annexure A- Accounting Entries and Advices for the MC Module | Explains an event-wise listing of suggested accounting entries, and advices that can take place during the life cycle of the MM module. |

## Related Resources

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

- *The Procedures User Manual*
- *The Products User Manual*

## Symbols and Icons

**Table 3 Symbols**

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

# 1

## Overview of Murabaha Money Market Module

The Murabaha Money Market module of Oracle Banking Treasury Management is versatile and efficient. With it, you can handle all kinds of placements and borrowings - whether Call, Notice, or Terms - of varying tenors, profit types, and profit payment methods. The module is efficient in that it automates processing, accounting and messaging of deals captured in your dealing room system.

This topic contains the following sections:

- [The Product Definition Facility](#)  
This topic describes the product definition facility.
- [Automatic Processing Features](#)  
This topic describes the automatic processing features.
- [Settling or Settlement of Murabaha Money Market Deals](#)  
This topic describes the maturity settlements are handled automatically in Oracle Banking Treasury Management.
- [Roll Over Deals](#)  
This topic describes the rollover feature of contract on maturity.
- [Track and Retrieve Information](#)  
This topic describes the track and retrieve information.

### 1.1 The Product Definition Facility

This topic describes the product definition facility.

A central feature of the front-end modules of Oracle Banking Treasury Management is the product definition facility. This feature drastically reduces marketing time, thus allowing the bank to focus on and take advantage of the opportunities in the market.

This topic contains the following sub- topics:

- [Define Murabaha Money Market schemes as Products](#)
- [Advantage of defining a product](#)

#### 1.1.1 Define Murabaha Money Market schemes as Products

A product is a specific type of deal that a bank enters into, or a scheme that a bank offers its customers. An MMM product can imply a particular type of placement/borrow deal that a bank enters. For example, your bank may provide customers with an overnight borrow facility. This facility can be defined as a product in Oracle Banking Treasury Management. (If your bank offers several types of overnight borrow schemes, each of these schemes can be defined as a product.)

When setting up the module, define the various types of deals you enter into as products. For each product, define attributes such as interest, interest accrual, liquidation, rollover, tax, brokerage details, etc. When you enter into a deal, the deal acquires the attributes defined for the product that it involves.

**Figure 1-1 Preference**

The screenshot shows the 'Preferences' window in the Oracle Product Definition Facility. The window is divided into several sections:

- Product:** Fields for Product and Product Description.
- Preferences:** A list of checkboxes for various preferences: Automatic Liquidation, Verify funds before auto liquidation, Track Accrued Interest, Tax Applicable, Forward Dating Allowed, Allow Rollover, Allow Brokerage, Pay Past Schedules, Prepayment Penalty, Intra-day Deal, Multiple Penalty Components, Not Negative Interest, Notice Required, Rate Fixing Required, and Billing Notice Days.
- Accrual:** Fields for Frequency, Start Month, and Start Date.
- Tenor:** Fields for Minimum, Default, Maximum, and Unit.
- Rate Variance:** Fields for Normal and Maximum.
- Confirmations:** Checkboxes for Event wise Confirmation and Payment on Confirmation.
- Authorization Rekey Fields:** Checkboxes for Currency, Value Date, Contract Amount, and Maturity Date.
- Holiday Treatment:** Checkboxes for Cascade Schedules, Local Holiday, Currency Holiday, and Financial Center Holiday. It also includes a 'Move Across Month' checkbox and a 'Schedule Movement' section with radio buttons for 'Move Forward' and 'Move Backward'.
- Product Restriction:** Radio buttons for Branch Restrictions, Currency Restrictions, and Categories List, each with 'Disallowed' and 'Allowed' options.

At the bottom of the window, there are tabs for 'Rollover Details', 'Schedules', 'Liquidation Order', and 'Grace Days'. There are also 'Exit' and 'Save' buttons in the bottom right corner.

For information on fields, refer to Preferences Field Description table.

## 1.1.2 Advantage of defining a product

The product definition facility is a one-time effort. When defining a money market deal type or scheme as a product, specify (amongst other details):

- The tenor
- The rate of interest
- The repayment schedules
- The tax details
- The accounting entries to be passed
- The advice to be generated

The user does not have to specify these details every time a deal is entered. The product definition facility thus reduces the time required to capture a deal.

The product definition feature also facilitates:

- Quick retrieval of information relating to deals of a particular type
- Standardization of money market schemes across branches

- Modification of standard features of a scheme to suit specific requirements

## 1.2 Automatic Processing Features

This topic describes the automatic processing features.

Oracle Banking Treasury Management completely automates and tracks all the events in the lifecycle of a Murabaha Money Market deal. It

- Generates deal tickets
- Accrues interest
- Liquidates due schedules
- Mature's contracts due for maturity
- Rolls over deals according to your specifications, and
- Automatically generates the specified messages and advice

Using Oracle Banking Treasury Management, process Murabaha Money Market deals with fixed, floating, or period interest rates, and with a variety of interest application methods.

Also, define bullet schedules for all components. Oracle Banking Treasury Management allows you to define brokerage on a cumulative or slab basis for each currency. Automate, liquidation of brokerage according to the preferences defined for your broker.

The transfer of funds between parties is always confirmed and corroborated with the exchange of messages, advice or receipts. When defining a product in the Murabaha Money Market module, specify the advice and messages that are generated at different events (such as interest liquidation and rollover) in the life cycle of deals involving it. Once an event defined for message generation occurs in a deal, the system automatically generates the advice or notices in the media specified. Configure the format and the contents of the advice to suit your requirement.

## 1.3 Settling or Settlement of Murabaha Money Market Deals

This topic describes the maturity settlements are handled automatically in Oracle Banking Treasury Management.

All scheduled component and maturity settlements are handled automatically in Oracle Banking Treasury Management by calling the Settlement and Messaging sub-systems. Further, generate, online, all payment transfer messages to correspondent banks together with related settlement accounting entries.

In keeping with its flexible design, Oracle Banking Treasury Management offers you the option to process maturities manually.

## 1.4 Roll Over Deals

This topic describes the rollover feature of contract on maturity.

The Murabaha Money Market module provides an extensive feature for rollover of contracts on maturity. The rollovers could be with or without interest, with the option to net withholding tax on rollover.

## 1.5 Track and Retrieve Information

This topic describes the track and retrieve information.

The interface with the Limits module ensures online counter-party exposure tracking. The module gives you a better handle over your Murabaha Money Markets portfolio by constantly providing you with real-time and relevant information for efficient asset-liability and maturity management.

During the day or end of the day, you may want to retrieve information on any one of the several operations that were performed by the bank. The generated information is in the form of reports. The following are some of the reports that generate for the Money Markets module:

- Contract schedules and maturities report
- Forward contracts report
- Value dated amendments report
- Contract events report
- Contract retrieval report
- Memo accrual control journal
- Accrual control journal
- Accrual control journal summary
- Activity journal

## 2

# Define the Attributes of a Murabha Money Market Product

This topic provide the details to define the Attributes of a Money Market Product.

This topic contains the following subtopics:

- [Money Market Product Definition Screen](#)  
This topic describes the systematic instruction to capture the basic information of Money Market product.

## 2.1 Money Market Product Definition Screen

This topic describes the systematic instruction to capture the basic information of Money Market product.

You can create an Islamic Money Market (MC) product in the Islamic Money Market Product Definition screen.

In this screen, you can enter basic information relating to a Islamic Money Market product such as the Product Code, the Description, and so on.

1. On the Home page, type **MCDPRMNT** in the text box, and click the next arrow.  
**Islamic Money Market Product Definition** screen is displayed.

**Figure 2-1 Islamic Money Market Product Definition**

2. On the **Islamic Money Market Product Definition** screen, click **New**.
3. On the **Islamic Money Market Product Definition- New** screen, Specify the details as required.
4. Click **Save** to save the details or **Cancel** to close the screen.

In addition to these generic attributes, you can define attributes specifically for a money market product. These attributes are discussed in detail in this topic.

For further information on these generic product attributes, please refer the following Oracle Banking Treasury Management User Manuals under Modularity.

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

For information on fields, refer to the below table.

**Table 2-1 Product Definition - Field Description**

| Field                      | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Product Code</b>        | <p>This is a Mandatory field.</p> <p>Enter a unique code to identify the product throughout the module. This code should have four characters. You can follow your conventions for devising this code.</p> <p>While defining a new product, you should enter a code, which is unique across the different modules of Oracle Banking Treasury Management. For instance, if you have used MM01 for the Money Market module, you cannot use it as a code in any other module.</p>                       |
| <b>Product Description</b> | <p>This is a Mandatory field.</p> <p>Enter a unique code and a brief description for the product that you want to set up. Enter a brief description of the product. The description is associated with the product for information retrieval purposes.</p>                                                                                                                                                                                                                                           |
| <b>Slogan</b>              | <p>Enter the marketing punch line to be associated with the product. This slogan is printed on all the advices that are sent to the customer for a deal involving this product.</p> <p>For example, if you have a borrowings product called Money Multiplier you could enter the slogan Watch your money grow with Money Multiplier.</p>                                                                                                                                                             |
| <b>Product Type</b>        | <p>A product that you are defining can belong to any of the following categories:</p> <ul style="list-style-type: none"><li>• <b>Placement</b></li><li>• <b>Borrowing</b></li></ul> <p>These product categories are referred to as 'product types.' When you create a product, you must specify the 'type' to which it belongs. For example, you should specify the product type as 'Placement' if you are defining a placement product and 'Borrowing' if you are defining a borrowing product.</p> |
| <b>Product Group</b>       | <p>Each product classified under a specific group is defined in the Product Group Definition table. Select a Group ID from the option list. The product will belong to this group.</p>                                                                                                                                                                                                                                                                                                               |

Table 2-1 (Cont.) Product Definition - Field Description

| Field             | Description                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Start Date</b> | A product is set up to be used over a particular period. The Start Date for this product is specified in this field. The Value Date (initiation date) of a deal involving this product should be:<br>The same as or later than this date and<br>The same as or earlier than the End Date                                                                                                |
| <b>End Date:</b>  | Specify the End Date for the product. The Value Date (initiation date) of a deal involving this product should be the same as or earlier than the End Date. If you do not specify an End Date, the product is used until it is closed.<br>The start and end dates of a product come in handy when you are defining a product for a scheme, which is open for a specific period. Remarks |
| <b>Remarks</b>    | The remarks are displayed when the details of the deal are displayed or printed.<br>Click <b>Free Format Text</b> , enter information about the product intended for your bank's internal reference. This information will not be printed on any correspondence with the customer. Click Ok after you enter the information.                                                            |

5. On the **Islamic Money Market Product Definition** screen, click **Preferences**.

Preferences are the options that are available to you for setting the attributes of a product. The options you choose ultimately shape the product.

For example, you have the option of applying a tax on a product. If you specify that tax is applicable for a product, the deal involving the product will inherit the attribute. However, you can waive tax (if it has been defined for the product the deal involves) at the time of deal processing.

Similarly, you choose between the automatic liquidation of schedules and manual liquidation; you can choose to allow rollover of deals involving the product, or deny it, and so on.

**Preferences** screen is displayed.

**Figure 2-2 Preferences**

The screenshot shows the 'Preferences' tab of the Money Market Product Definition Screen. The interface is organized into several sections:

- Product:** Fields for 'Product' and 'Product Description'.
- Preferences:** A list of checkboxes for various settings:
  - Payments: ☐
  - Automatic Liquidation: ☐
  - Verify funds before auto liquidation: ☐
  - Track Accrued Interest: ☐
  - Tax Applicable: ☐
  - Forward Dating Allowed: ☐
  - Allow Rollover: ☐
  - Allow Brokerage: ☐
  - Pay Past Schedules: ☐
  - Prepayment Penalty: ☐
  - Intra-day Deal: ☐
  - Multiple Penalty Components: ☐
  - Net Negative Interest: ☐
  - Notice Required: ☐
  - Rate Fixing Required: ☐
  - Billing Notice Days:
- Accrual:** Fields for 'Frequency \*', 'Start Month', and 'Start Date'.
- Tenor:** Fields for 'Minimum' (1), 'Default' (90), 'Maximum' (365), and 'Unit' (Days).
- Rate Variance:** Fields for 'Normal' and 'Maximum'.
- Confirmations:** Checkboxes for 'Event wise Confirmation' and 'Payment on Confirmation'.
- Authorization Rekey Fields:** Fields for 'Currency', 'Value Date', 'Contract Amount', and 'Maturity Date'.
- Holiday Treatment:** Checkboxes for 'Cascade Schedules', 'Local Holiday', 'Currency Holiday', and 'Financial Center Holiday'. Below these are radio buttons for 'Move Across Month' and 'Schedule Movement' (Move Forward/Move Backward).
- Product Restriction:** Radio buttons for 'Branch Restrictions', 'Currency Restrictions', and 'Categories List', each with 'Disallowed' and 'Allowed' options.

At the bottom, there are tabs for 'Rollover Details', 'Schedules', 'Liquidation Order', and 'Grace Days'. On the far right, there are 'Exit' and 'Save' buttons.

6. On the **Preferences** screen, specify the details as required.
  7. Click **Ok** to save the details or click **Exit** to close the screen.
- For information on fields, refer to the below table.

**Table 2-2 Preferences - Field Description**

| Field           | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Payments</b> | <p>Specify whether the payment method for the main interest (specified while defining attributes for the interest, commission, charge or fee) components is to be bearing, discounted or true discount. This cannot be changed at the time of processing a deal.</p> <p><b>Bearing:</b><br/>The interest is liquidated on the scheduled payment date(s).<br/>For example, you have made a placement USD 100,000 for Greenville Global Bank at 20% interest for a month. Now, under the bearing type of interest payment method, the placement of USD 100,000 is advanced to Greenville Global Bank, and the interest on it is collected over the one month which is the tenor of the placement.</p> <p><b>Discounted:</b><br/>In this interest payment method, the interest is deducted from the principal at the time of initiating the deal.<br/>Carrying forward the example of the placement for Greenville Global Bank of USD 100,000 at 20% interest for a month, under the discounted type of interest payment, the total interest calculated for the tenor of the deal, that is one month, USD 1,666.67 is deducted from the principal (USD 100,000) and only USD 98,333.33 is advanced.</p> <p><b>True discounted:</b><br/>In this interest payment method, the interest is calculated on the principal in a manner differing slightly from the 'Discounted' method. The interest rate is applied to the Principal instead of Nominal, as it is done in the 'Discounted' method.<br/>For example, in the case of Greenville Global Bank's placement of USD 100,000 at 20% interest for a month, under the true discounted type of interest payment, the interest calculated on the principal, USD 98,333.5, (arrived at after deducting 20% interest on the nominal) is deducted from the nominal (USD 100,000) and USD 98,360.66 is advanced. This forms the actual principal of the deal.</p> |
| <b>Accrual</b>  | <p>Apart from the principal, you can have other components for a deal. The 'other' components of a deal could be the interest, charge, or fees, and they are accrued over the tenor of the deal before being realized into the income or expense account.</p> <p>The attributes of these 'other' components are defined in the ICCB sub-system of Oracle Banking Treasury Management. For components that have been marked for accrual, you need to indicate accrual details.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

Table 2-2 (Cont.) Preferences - Field Description

| Field              | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Frequency</b>   | <p>This is a Mandatory Field.</p> <p>Define the frequency at which you would like to accrue the components. The frequency is one of the following:</p> <ul style="list-style-type: none"><li>• <b>Daily</b></li><li>• <b>Monthly</b></li><li>• <b>Quarterly</b></li><li>• <b>Half-yearly</b></li><li>• <b>Yearly</b></li></ul> <p>When you run the Automatic Contract Update function at the end of the day, the system carries out the accruals according to the frequency that you specified.</p> <p>However, if the accrual date falls on a holiday, then the accruals are done as per your holiday handling specifications in the Branch parameters screen. That is:</p> <p>If you have specified that automatic events are to be processed for a holiday(s) on a working day before the holiday, the accruals falling due on holiday (s) are processed during end-of-day processing on the last working day before the holiday.</p> <p>If you have specified that the automatic events are to be processed for a holiday(s) on a working day following the holiday, the automatic events falling due on holiday (s) are processed on the next working day, during the beginning of day processing.</p>                                                                                                                                                                               |
| <b>Start Month</b> | <p>In the case of quarterly, half yearly or yearly accruals, you should specify the start month from which the accruals have to be done.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Start Date</b>  | <p>Specify the date on which the accruals have to be done. For example, if you specify the date as '30' and have selected the month as of January, accruals are carried out on the 30 January, according to the frequency that you have defined.</p> <p>If you want to fix the accrual 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 accruals are 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, for February.</p> <p>If you specify the frequency as quarterly and fix the accrual date as the last day of the month, then the accruals are done on the last day of the month at the end of every quarter. It works similarly for half-yearly accrual frequency. If you set the accrual frequency as quarterly, half-yearly or yearly, you have to specify the month in which the first accrual has to begin, besides the date.</p> <p>For example, if you specify the frequency as half-yearly, the start date as 31, and the start month like June, the system will accrue interest for the first time on 30 June 1997 for the period from 1 January to 30 June 1997, and for the second time on 31 December 1997, for the period from 1 July 1997 to 31 December 1997.</p> |

Table 2-2 (Cont.) Preferences - Field Description

| Field                             | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Authorization Rekey Fields</b> | <p>Specify the values that the authorizer of an MM deal has to rekey at the time of authorization.</p> <p>All operations on a deal (input, modification, reversal, manual liquidation or manual rollover) have to be authorized:</p> <ul style="list-style-type: none"> <li>• By a user other than the one who carried out the operation</li> <li>• Before you can begin the end-of-day operations</li> </ul> <p>When you invoke a deal for authorization - as a cross-checking mechanism to ensure that you are calling the right deal - you can specify that the values of certain fields are entered before the other details are to be displayed. The complete details of the deal are displayed after the values to these fields are entered. This is called the 'rekey' option.</p> <p>If no rekey fields are defined, the details of the deal are displayed immediately once the authorizer calls the deal for authorization. The rekey option also serves as a means of ensuring the accuracy of inputs.</p> <p>You can specify any or all of the following as rekeying fields:</p> <ul style="list-style-type: none"> <li>• <b>Currency</b></li> <li>• <b>Value Date</b></li> <li>• <b>Contract Amount</b></li> <li>• <b>Maturity Date</b></li> </ul> <div>  <b>Note:</b><br/>Re-key option is available only for MC Online screen and not for Payment.         </div> |
| <b>Rate Fixing Required</b>       | Select this Check box to indicate if the Rate fixing is applicable for the product.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Tenor</b>                      | You can set the minimum and maximum tenor limits for a product that you are creating. You can also set a default tenor. This is the tenor that is normally associated with a deal involving the product. However, the default tenor applied to a deal is changed during its processing.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Minimum</b>                    | You can set the minimum tenor for the product here. The tenor of the deals involving this product should be greater than or equal to the tenor you have specified here. Only the number is specified here.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Maximum</b>                    | You can fix the maximum tenor of the product here. The tenor of the deals or commitments involving this product should be less than or equal to the tenor you have specified here. Only the number is specified here.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

Table 2-2 (Cont.) Preferences - Field Description

| Field          | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Default</b> | <p>You can specify the default tenor of the product here. This default tenor applies to all deals involving the product, but you can change it at the time of deal processing. Only the number is specified here. The unit (days, months, etc.) is specified in a subsequent field.</p> <p>For example, you have a Weekly Borrowing product. This product is for borrowings from customers for a maximum duration of one week. For such a product you can set a minimum tenor of one day and a maximum tenor of one week. You can also define a default tenor for the product, of, say, one week. This tenor is applicable to all the deals involving the product if you do not specify any tenor at the time of its processing.</p>                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Unit</b>    | <p>In the minimum, maximum and default tenor fields you set the duration numerically. Here, you specify the unit of the duration. It could be:</p> <ul style="list-style-type: none"> <li>• <b>Days</b></li> <li>• <b>Months</b> or,</li> <li>• <b>Years</b></li> </ul> <p>For example, to define the default tenor, in the Default tenor field, define the number and the unit - days, months, years, in the Unit field.</p> <p>Suppose, for a product; you want to define the default tenor as 150 days. Then it would be best if you give the following values in these fields:</p> <ul style="list-style-type: none"> <li>• <b>Default tenor - 150</b></li> <li>• <b>Unit - Days</b></li> </ul> <p>To define a default tenor of 10 months for a product, you should give the following values in the fields:</p> <ul style="list-style-type: none"> <li>• <b>Default tenor - 10</b></li> <li>• <b>Unit - months</b></li> </ul> <p>To define a default tenor of eight years for a product, you should give the following values in the fields:</p> <ul style="list-style-type: none"> <li>• <b>Default tenor - 8</b></li> <li>• <b>Unit - years</b></li> </ul> |

**Table 2-2 (Cont.) Preferences - Field Description**

| Field                                       | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Automatic Liquidation</b>                | <p>The components of a deal are liquidated automatically or manually. In the Product Preferences screen, you have to indicate whether the mode of liquidation of repayment schedules is to be automatic.</p> <p>Specify Auto liquidation if you want the components of a deal involving this product to be liquidated automatically.</p> <p>If you opt for automatic liquidation, a schedule is automatically liquidated on the due day, during beginning-of-day processing (by the Automatic Contract Update function).</p> <p>The manner in which the automatic schedule liquidation date falling on a holiday are handled is based on your holiday handling specifications in the Branch Parameters table:</p> <ul style="list-style-type: none"> <li>• If a schedule falls on a holiday, it is processed on the last working day before the holiday - during the end of day processing- if you specified that processing (of such schedules) has to be done on the last working day before the holiday.</li> <li>• If you have specified that processing has to be done only up to the System Date, then the events scheduled for a holiday is processed only on the next working day after the holiday, during beginning-of-day processing.</li> </ul> <p>If you have defined verification of funds for the product, it will have an impact on the automatic liquidation.</p> <p>If you specify Manual liquidation, you should give specific instructions for liquidation through the Manual Liquidation screen on the day you want to liquidate the schedule.</p> |
| <b>Verify Funds Before Auto Liquidation</b> | <p>Check this box to verify the funds in settlement account before auto liquidation. You can check this box only for placement products that have 'Automatic Liquidation' enabled. If 'Verify Funds Before Auto Liquidation' is checked for borrowing type of products or products restricted for auto liquidation, then the system displays an error message.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Track Accrued Interest</b>               | <p>You have to specify whether the accrued interest of earlier placements (that has not been paid) should also be considered as the 'utilized amount' for the purpose of credit administration. (You could have more than one interest type of component applicable on a product. In such a case, you should designate one as the 'main' interest.) The following example illustrates how this concept works.</p> <p>If you opt to 'track' accrued interest, then the interest accrued on deals is added on to the amount utilized by the customer, for credit administration.</p> <p>The utilization is shown as the sum of the principal and the accrued interest in the reports generated by the credit administration (Limits) sub-system. Outstanding interest, if any, will also be shown in these reports.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Tax Applicable</b>                       | <p>As part of the preferences that you define for a product, you can specify whether any tax is applicable to the MM product that you are creating.</p> <p>If tax is specified for a product, you can waive it for specific deals. However, if you specify that tax is not applicable to a product, you cannot levy a tax on any deal involving the product.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Net Negative Interest</b>                | <p>Check this box to net the positive and negative amount paid to the customer. You can check this box only if 'Negative Interest Allowed', and 'Main Component' is checked for a product.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

**Table 2-2 (Cont.) Preferences - Field Description**

| Field                         | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Forward Dating Allowed</b> | <p>Choose the Value Date (That is the date on which it is initiated) for a deal from:</p> <ul style="list-style-type: none"> <li>• The date on which it is input</li> <li>• A date in the past or</li> <li>• A date in the future</li> </ul> <p>You should indicate whether a deal involving a product could have a Value Date in the future. A deal can have a value date in the future only if you have allowed it for the product that it involves. An Initiation date in the past, or today, indicated for any deal.</p> <p>When a deal with a Value Date in the future is stored, no accounting entries is passed on the date of input. The deal is initiated by the Automatic Contract Update function during the Beginning-of-Day (BOD) processes on the Value Date (initiation date). All the necessary accounting entries is passed on this date.</p> <p>However, if the Value Date falls on a holiday, the deal is initiated as per your holiday handling specifications in the Branch Parameters screen:</p> <p>If you have specified that automatic processes are to be carried out for holidays, the deal slated for initiation on holiday is initiated during end-of-day processing on the last working day before the holiday.</p> <p>If you have specified that the automatic processes are to be carried out only till System Date (today's date), the deal slated for initiation on holiday is initiated on the next working day immediately after the holiday, during beginning-of-day processing.</p> |
| <b>Allow Rollover</b>         | <p>You should specify whether a deal, involving the product you are defining, is rolled over into a new deal if it is not liquidated on its Maturity Date.</p> <p>If you specify that rollover is allowed for the product, it is applicable to all the deals involving the product. However, at the time of processing a specific deal involving this product, you can indicate that rollover is not allowed.</p> <p>However, if you specify that rollover is not allowed for a product, you cannot rollover deals involving the product.</p> <p>The terms of the rolled over deal is the same as those of the original deal, or they are different. If the terms should be different, they should be specified during deal processing.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Allow Brokerage</b>        | <p>You can specify whether brokerage should be applied on deals involving this product. If 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, you will not be able to levy brokerage on a specific deal involving the product.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Prepayment Penalty</b>     | <p>You can specify if the penalty should be applied on prepayment of deals involving this product.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

**Table 2-2 (Cont.) Preferences - Field Description**

| Field                              | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Pay Past Schedules</b>          | <p>You have to indicate whether for a backdated deal that has schedules prior to today's date; those schedules have to be liquidated when the deal is initiated. A back dated deal is one, which has a Value Date (initiation date) falling before the date on which it is booked.</p> <p>For example, a money market deal is initiated as of today, a date in the future, or as of a date in the past. Today's date is 15 October 1997. Suppose you initiate a deal of 15,000 USD today, with the Value Date (date on which the deal comes into effect) as 15 September 1997, the system will pass accounting entries for initiation as of 15 September 1997.</p> <p>But if there had been an interest payment schedule for 30 September 1997, for 500 USD, and then if you specify that back values schedules should be liquidated, you can make the system pass accounting entries to liquidate this schedule also when the deal is initiated.</p> <p>If you specify that back dated schedules are not to be liquidated; only accrual entries are passed till today. Please note that the entries associated with each event (initiation and liquidation in this case) is passed only if they have been defined</p> |
| <b>Intra-day deal</b>              | <p>Deals having the same Maturity and Value Date are known as Intra-day deals. You are able to capture intra-day deals only if you have indicated that the product for which you are specifying preferences is meant for intra-day deals.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Multiple Penalty Components</b> | <p>This is applicable only after the expiry of grace days. If this option is checked, you are able to define multiple penalty components with grace days for each component. If the payment is made after the due date, the penalty is applied.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

**Table 2-2 (Cont.) Preferences - Field Description**

| Field                                         | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|---------------------------|---------------------------|-------------------|------------------------------------|-----------------------------|-----------------------------------------------|--------|--------|---------------------------|---------------------------|------------------|------------------------------------|------------|-----------------------------------------------|--------|
| <b>Commodity Tracking</b>                     | <p>You can also opt to track commodity for contracts processed under the product. If selected, commodity tracking becomes mandatory for activating the contracts. For such contracts, the Commodity Tracking Status identifies the different stages in the contract life cycle. This status value will vary for Borrowing and Placement contracts.</p> <p>The status value for Placement contracts is as given below.</p> <p><b>Table 2-3 Status value for placement contracts</b></p> <table> <tr> <th>Events</th><th>Commodity Tracking Status</th></tr> <tr> <td>BOOK (Booking a contract)</td><td>Waiting for offer</td></tr> <tr> <td>OFFR (Offer received and accepted)</td><td>Offer Received and Accepted</td></tr> <tr> <td>GRNT (Receipt of the letter of the guarantee)</td><td>Closed</td></tr> </table> <p>The status value for Borrowing contracts is as given below.</p> <p><b>Table 2-4 Status value for placement contracts</b></p> <table> <tr> <th>Events</th><th>Commodity Tracking Status</th></tr> <tr> <td>BOOK (Booking a contract)</td><td>Offer to be sent</td></tr> <tr> <td>OFFR (Offer received and accepted)</td><td>Offer sent</td></tr> <tr> <td>GRNT (Receipt of the letter of the guarantee)</td><td>Closed</td></tr> </table> <p>Contracts that require commodity tracking will be initiated or activated only when the status is 'Closed'.</p> <div>  <b>Note:</b> <p>If you do not select this option for a product, the 'Commodity Tracking Status' will be 'Not Applicable'.</p> </div> <p>You can view the commodity details in the Commodity Tracking screen invoked from the Contract Online screen.</p> <p>For more details, refer to the Processing a Murabaha MM Deal chapter of this User Manual.</p> | Events | Commodity Tracking Status | BOOK (Booking a contract) | Waiting for offer | OFFR (Offer received and accepted) | Offer Received and Accepted | GRNT (Receipt of the letter of the guarantee) | Closed | Events | Commodity Tracking Status | BOOK (Booking a contract) | Offer to be sent | OFFR (Offer received and accepted) | Offer sent | GRNT (Receipt of the letter of the guarantee) | Closed |
| Events                                        | Commodity Tracking Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
| BOOK (Booking a contract)                     | Waiting for offer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
| OFFR (Offer received and accepted)            | Offer Received and Accepted                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
| GRNT (Receipt of the letter of the guarantee) | Closed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
| Events                                        | Commodity Tracking Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
| BOOK (Booking a contract)                     | Offer to be sent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
| OFFR (Offer received and accepted)            | Offer sent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
| GRNT (Receipt of the letter of the guarantee) | Closed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |

**Table 2-2 (Cont.) Preferences - Field Description**

| Field                         | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Book Unearned Interest</b> | <p>You can opt to do an upfront booking of the unearned interest, if required. However, this is applicable only for the 'Main' profit component. If you select this option, the system will trigger the 'UIDB' event (Upfront Profit Booking) along with the INIT event. The computation of upfront profit is done differently depending on the profit rate type, whether fixed or floating, as follows:</p> <ul style="list-style-type: none"> <li>For 'fixed' profit types, the upfront profit is computed as the total of the profit to be collected over the contract tenor.</li> <li>For 'floating' rate types with 'periodic' rate revision, profit is computed as the profit collected till the next revision date.</li> <li>For different rate revision and payment frequency, profit is calculated upto the next revision date only.</li> </ul> <div style="background-color: #e6f2ff; padding: 10px; margin-top: 10px;"> <p> <b>Note:</b></p> <p>If you select this option, the system will validate to ensure that the main profit component is not defined with the following parameters:</p> <ul style="list-style-type: none"> <li>Rate Type as 'Floating'</li> <li>Code Usage as 'Automatic'</li> </ul> <p>The system will post adjustment entries if any of the following operations affects the unearned profit amount:</p> <ul style="list-style-type: none"> <li>Revision of profit rates</li> <li>Value Dated amendment to contracts</li> <li>Changing the schedules for a contract</li> <li>Rollover of a contract</li> </ul> <p>For details on the various events and event-wise accounting entries and advices applicable during an MM contract life cycle, refer 'Annexure A' of this User Manual.</p> </div> |
| <b>Rate Variance</b>          | <p>When a deal involves a currency conversion, the standard rates defined for the currency is picked up, by default. This default is changed for specific deals. You can impose some restrictions on the changed rate, as follows:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Normal variance</b>        | <p>If the exchange rate variance exceeds the standard exchange rate specified for the currency, the system will ask you for an override before proceeding to apply the exchange rate.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

Table 2-2 (Cont.) Preferences - Field Description

| Field                    | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Maximum variance</b>  | <p>You cannot apply an exchange rate on a deal, involving the product that you are creating, that is greater than the value that you specify as the Maximum Variance. If the exchange rate variance exceeds the standard rate by the amount that you specify as the 'maximum variance'; the system will not allow you to store the contract.</p> <p>For example, you have specified the normal variance as 3% and the maximum variance as 6% for Product MM01. Now, if you apply an exchange rate on a contract involving MM01 that varies from the applicable rate maintained for the day by less than 3%, the system will NOT display an override message.</p> <p>If you apply an exchange rate on a contract involving MM01 that varies from the Standard Rate by between 3% and 6%, the system will display an override message. If you apply an exchange rate on a contract involving MM01 that varies from the day's rate by more than 6%, the system will not store the contract.</p> <div>  <b>Note:</b><br/>The exchange rate variance is a percentage.         </div> |
| <b>Holiday Treatment</b> | The schedule or maturity date of a contract might fall on a local holiday defined for your branch or on holiday specified for the currency involved in the contract. Therefore, you need to specify how the system should handle holidays.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Ignore Holidays</b>   | <p>You have defined automatic repayment schedules, but there is a chance that one or more schedules may fall due on holiday. In such a case, you have two choices:</p> <ul style="list-style-type: none"> <li>Ignore the holiday and retain the scheduled date on that day</li> <li>Move it either backwards or forward, by specifying so in the subsequent fields in this screen.</li> </ul> <p>Check this box if you wish to ignore holidays at the time of drawing up schedules.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Holiday Currency</b>  | The movement of schedule date or maturity date is based on the holiday treatment that you specify for the currency you specify here.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Move Forward</b>      | <p>If you have indicated that a currency holiday should not be ignored for the contract, you need to specify whether the schedule date/ maturity date should move forward to the next working day or move back to the previous working day.</p> <p>Check against this field to indicate that the security/ maturity date of the contract should be moving forward to the next working day.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Move Backward</b>     | The schedule date/maturity date should move forward to the next working day or move back to the previous working day. Check against this field to indicate that the scheduled date/maturity date of the contract should be moved back to the previous working day.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

Table 2-2 Preferences - Field Description

| Field                    | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Cascade Schedules</b> | <p>The question of cascading schedules arises only if:</p> <ul style="list-style-type: none"> <li>You have specified that a schedule falling due on holiday has to be moved forward or backwards; and</li> <li>The schedule has been defined with a definite frequency</li> </ul> <p>If you check this box to cascade schedules, the scheduled date following the changed date is shifted following the changed date as per the frequency. If you opt not to cascade schedules, even if one of the scheduled dates is changed, the schedules, which follow, is fixed as per the original definition.</p> |
| <b>Move Across Month</b> | <p>If you have chosen to move a schedule falling due on holiday either forward or backwards to the next or previous working day and it crosses over into a different month, the scheduled date is moved only if you so indicate in this field. If not, the scheduled date is kept in the same month, on the last or first working day of the month, depending on whether the schedule is over the month-end or the beginning of the month.</p> <p>Check this box if you want to allow movement across the month for a scheduled date that has been moved forward or backwards.</p>                       |

8. On the **Preferences** screen, click **Rollover Details**.

**Rollover Details** screen is displayed.

Figure 2-3 Rollover Details

9. On the **Rollover details** screen, specify the details as required.
10. Click **OK** to save the details or click **Exit** to close the screen.
11. On the **Preferences** screen, click **Schedules**.

When creating a Money Market product, you can define schedule details such as the reference date, the frequency, the month and the date for each component. You can capture these details in the Product Default Schedules screen.

**Product Default Schedules** screen is displayed.

**Figure 2-4 Product Default Schedules**

12. On the **Product Default Schedules** screen, specify the details as required.
13. Click **Ok** to save the details or click **Cancel** to close the screen.
14. On the **Preferences** screen, click **Liquidation order**.

If you have defined automatic liquidation for the product, you can specify the order of liquidation of the various components, which have:

- Schedules that fall due on the same day and
- Same repayment account.

You can specify the order in which you would like to liquidate components in the **Component Liquidation Order** screen.

**Component Liquidation Order** screen is displayed.

**Figure 2-5 Component Liquidation Order**

15. On the **Component Liquidation Order** screen, specify the details as required.
16. Click **Ok** to save the details or click **Cancel** to close the screen.

For a contract defined with manual liquidation of components, the **Liquidation Order** is considered when a payment has to be automatically distributed among the various outstanding components.

For a contract with automatic liquidation, the order of liquidation becomes important when funds are insufficient in the repayment account on the day of liquidation, and more than one component has a schedule falling due on that day.

Under such circumstances, you may want to allot priority to the recovery of certain components. For example, you may want to recover the interest (or interest type of components) first and then the principal. The aging analysis function takes over once a component is overdue, and an appropriate penalty is applied. For a component on which penalty interest has been applied, you may wish to recover penalty interest first, the interest next and finally the principal.

 **Note:**

You can specify the liquidation order for all the interest type of components and the principal.

# 3

## Process a Murabaha MM Deal

A product is a specific service that you offer your customers. For example, amongst other financial services, you may offer an overnight borrowing facility to your customers. By defining the overnight borrowing facility as a product with certain attributes you can categorize all overnight borrowings, which share the attributes, defined for the product.

The other advantage of defining a product is that you can define certain general attributes for a product that will default to all contracts (placements or borrowings) involving it.



### Note:

When you enter into a deal with a customer, you enter into a contract. Contracts are customer specific.

Deals (contracts) inherit the attributes of the product by default. This means you will not have to define these general attributes each time you input a deal involving the product. These general attributes, however, can be changed at the time of processing a deal.

Besides, these general attributes which a deal inherits from a product - and which can be changed for it there are the specific attributes which you have to define for the deal:

- the counterparty (customer) details
- the deal amount
- the deal currency
- the repayment account for the deal, and so on

This topic has the following topics:

- [Capture Deal Details](#)  
This topic describes the features of the contract details screen, schedules tab, rollover tab, preferences tab, and display the summary of contract details.
- [Features of the Contract Details screen](#)  
This topic describes the features of the contract details.
- [Preferences for a Deal](#)  
This topic describes preferences for a deal, handling a repayment schedule date, amortization type, ascertaining availability of funds.
- [Modify a Placement or a Borrowing](#)  
This topic describes the two types of placement or borrowing modification.
- [Financial Details available for Change](#)
- [Reversing and Rebooking Contracts](#)  
This topic describes the Reversing and Rebooking of contracts.
- [Display the Other Details of a Deal](#)  
This topic describes the other deal details displayed in the contract online screen.

- [Advices for Deal Initiation](#)  
This topic describes the systematic instruction to specify the details of the advices for the product.
- [View Event Details](#)  
This topic provides the instructions to view the event details.
- [View Accounting Entries for Deal Initiation](#)  
This topic provides the instructions to view the accounting entries for deal initiation.
- [Different Versions of a Deal](#)  
This topic describes the different version of a deal.
- [Initiate a Future Value Dated Deal](#)  
This topic describes how to initiate a future value dated deal manually.
- [Commodity Details Maintenance for a Contract](#)  
This topic describes the systematic instruction to capture the commodity details maintenance for a contract.
- [Display Contract Details](#)  
This topic provides the instructions to capture the Islamic Money Market Contract Summary details.
- [Authorize Bulk Contracts](#)  
This topic describes the instructions to authorize the bulk MM contracts and how to view the errors and settlement details.
- [Reassign a Contract to Another User](#)  
This topic provides the instructions to reassign the contract to another user.

## 3.1 Capture Deal Details

This topic describes the features of the contract details screen, schedules tab, rollover tab, preferences tab, and display the summary of contract details.

All the above mentioned subtopics are seen in contract details screen, which is displayed using the Functional ID **MCDTRONL**.

In the **Islamic Money Market Contract Input** screen, you will see the following sections, each representing a screen:

**Table 3-1 Screen details**

| Section           | Screen                              |
|-------------------|-------------------------------------|
| Preferences       | Contract Preferences screen         |
| Schedules         | Contract Schedule Definition screen |
| Rollover Contract | Rollover screen                     |
| Linkages          | Contract Linkages screen            |

This topic contains the following subtopics:

## 3.2 Features of the Contract Details screen

This topic describes the features of the contract details.

Every product created in your bank is endowed with certain general attributes. A deal that you enter into acquires the general attributes defined for the product it involves. To recall an endowed product with the following general attributes:

- The product code, description, slogan, start and end date for the product and remarks
- The frequency of interest accrual
- The tenor limits for the product
- The liquidation mode: manual or automatic
- Whether a deal involving the product is rolled over into a new deal if it is not liquidated on its maturity date
- Whether the accrued interest of earlier placement(s) should be considered as part of the “utilized amount” while tracking credit utilization for a customer.
- Whether tax has to be applied.
- Whether brokerage has to be applied.
- The exchange rate variance (for a special customer, you can choose to apply a rate that is greater than the standard exchange rate defined for the currency. You can impose some restrictions on the special rate by way of specifying a variance). Whether a penalty is to be imposed if there is an advance repayment.
- Whether interest schedule amounts have to be recomputed in case of an advance payment
- Whether a deal involving a product is booked to be initiated on a date in the future.
- Whether for a backdated deal that has schedules prior to today's date, the schedules have to be liquidated when the deal is initiated. A back dated deal is one, which has an initiation date, which falls before the date on which it is booked.
- The payment type for main interest - bearing, discounted or true discounted
- The values to be rekeyed, by the authorizer of a contract, at the time of authorization
- The liquidation order of various components in case of auto liquidation
- Repayment schedules
- Aging analysis details such as the movement of deals from one status to another; the mode of status change - whether forward and reverse movements should be automatic or manual; reversal or stoppage of accruals upon change of status; the transfer GL upon status change; the messages to be generated; and the transfer days for interim schedules and maturity schedules.
- Specifying rollover details like updating credit limit utilization on rollover (for a placement), tax on rollover, rolling over with interest or without, deduction of tax on rollover.
- Details of interest, charge and fee.
- Other tax details like the component being taxed, the type of tax and the event (booking, liquidation, etc.) Upon which it is applied.
- The accounting roles and the general ledgers for accounting purposes when an event (initiation, liquidation, etc.) Takes place, and the advices or messages to be generated.
- The customer categories and customers who is counterparty to a deal involving the product.
- The branch and currency restrictions

At the time of saving a Money Market contract, the system will pass specific information about the money market contract to the FATCA accounts and obligations maintenance for the customer. This is done if the beneficiary account's customer has a reportable FATCA classification and if the money market product used to book the contract is present in the FATCA Products, account class and Instruments maintenance.

If the Money Market contract is closed or liquidated completely, then the corresponding row in FATCA accounts and obligations maintenance is archived. If you delete the Money Market contract before authorization, then you should also delete the corresponding entry in FATCA accounts and obligations maintenance.

A deal that you enter into acquires the details specified for the product. However, you also need to enter information that is specific to the contract. You can enter details specific to a contract in the Contract Details screen.

## 3.3 Preferences for a Deal

This topic describes preferences for a deal, handling a repayment schedule date, amortization type, ascertaining availability of funds.

### Stating Preferences for a Deal

Preferences are options. For instance, for a product, you have the option of:

- Making liquidation automatic or manual
- Allowing or disallowing rollover
- Applying tax or waiving it
- Applying prepayment compensation or waiving it

For a contract, you have the option (preference) of:

- Liquidating automatically or manually, the principal of the deal being input. (This defaults from the product but you can change it for a specific deal)
- Verifying of funds in case of automatic liquidation of repayment schedules. If you indicate that funds have to be verified, the components that will leave the repayment account with a debit balance will not be liquidated. If not, all the components will be liquidated leaving the repayment account with a debit balance (if a debit balance has been allowed for the repayment account). The payment schedule will be marked as liquidated. If a debit balance has not been allowed, the schedules will not be liquidated and aging analysis will take over.
- Ignoring holidays. If you choose this preference, the schedule dates will be calculated ignoring the holiday. The automatic processing of the schedule that falls due on a holiday, however, will be determined by your holiday specifications for the product. If you indicated, for example, that the processing should be done till the day before the next working day, the schedule will be liquidated during the end-of-day run of the Automatic Contract Update function. If you specified, though, that processing should be done only till the System Date, then the schedule falling on the holiday will be processed during the beginning-of-day run of the Automatic Contract Update function on the next working day.
- Choosing to ignore holidays. If you choose not to ignore holidays, you can move a repayment schedule forward or backward to the next or previous working day. You

can also specify whether the schedule is allowed to move across the month in case of a holiday.

- Cascading schedules. This means that if one schedule has been moved backward or forward in view of a holiday, the other schedules will be accordingly shifted. If you do not want to cascade schedules, then, only the schedule, which falls on a holiday, will be shifted as specified and the others will remain as they were.
- Specifying the holiday currency
- Liquidating back valued schedules

A deal inherits the attributes defined for the product it involves. However, for a specific deal you can change these inherited attributes, to suit your requirements and those of your customer. The attributes that you can change are:

- The liquidation of schedules that fall due before the day on which the deal is booked
- The liquidation mode (auto to manual)
- The change of status for a placement (auto to manual or vice versa)

There are also some parameters you have to set for the repayment schedules for the deal. They determine whether a schedule date falling on a holiday should be retained or moved and how it is to be moved if you opt for the latter. They also determine whether funds have to be verified if a placement is marked with automatic liquidation. The attributes that have been listed are discussed in detail.

### **Handling a Repayment Schedule Date that Falls Due on a Holiday**

You have specified that repayment schedules should be generated automatically once you indicate the frequency, number and the date of first repayment. When the system computes the repayment dates based on these values, there is a chance that one or more schedules fall due on a holiday. In such a case, you have two choices:

- Ignore the holiday and retain the due date
- Move it either backward or forward

If you specify that holidays are to be ignored, the schedule dates will be fixed without taking the holidays into account. In such a case, if a schedule date falls on a holiday, the automatic processing of such a schedule is determined by your holiday handling specifications for automatic processes, in the Branch Parameters screen.

In this screen if you have specified:

- That processing has to be done on the previous working day for automatic events right up to the day before the next working day, the schedule falling on the holiday will be liquidated during end-of-day processing on the previous working day
- That processing has to be done only up to the System Date, then only the events scheduled for today will be processed. The events of the holiday are processed on the next working day during beginning - of-day processing

### **Move Schedule Dates Forward or Backward**

If a schedule date falls on a holiday and you have not specified that holidays are to be ignored at the time schedule definition, then you have to indicate the movement of the schedule date either forward to the next working day or backward to the previous working day. In such a case, since the schedule date itself is moved to a working day, the payment will be processed on the day it falls due, as of that day.

### **Move Across Months**

If you have chosen to move a 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 schedule date will be moved into the next month only if you so indicate. If not, the schedule date will be kept in the same month.

If you have not allowed movement across months but have indicated backward movement for this schedule, the schedule date will be automatically moved (forward in this case), to the next working day of the same month, that is, to May 2, despite your having indicated a backward movement into the previous working day.

### **Holiday Ccy**

You can indicate here the country of the deal currency for which the holiday table should be checked before drawing the payment schedules related to the deal.

By default, the currency to be checked is the deal currency. If a currency other than this is specified, the holiday table is checked for both the currencies. Amendment to this field will be considered as a financial amendment.

### **Cascade Schedules**

The question of cascading schedules arises only if:

- 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

If you have indicated that schedules should be cascaded, the schedule 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:

When you cascade schedules, the last schedule (at maturity), however, will be kept for the Maturity Date and will not be changed like the interim schedules. Hence for this particular schedule, the profit days may vary from that of the previous schedules.

### **Liquidation**

When setting up a product you specify the mode of liquidation - whether automatic or manual - for the different components of a deal. By default, all deals involving the product will inherit this definition. However, you can change the mode of liquidation, from automatic to manual, or vice-versa, while processing a deal.

### **Status control**

While defining the product, you indicate the various status codes for the product - for example, active, past due obligation, non-accrual basis, write-off, and so on. For the product, you can specify either manual or automatic change of status.

When processing a deal, you can change the mode of status change from automatic to manual or vice-versa.

### **Amortization Type**

You need to specify the amortization applicable to the contract only if the schedule type is amortization. The following are the amortization types you can specify for a contract:

- Reducing balance
- Rule 78

### Ascertaining Availability of Funds before an Automatic Liquidation

When the customer's repayment account is debited automatically by the system, you can specify that the availability of funds for liquidation of the various components of the placement has to be ascertained before the liquidation is done.

This feature is of significance when:

- The components have the same schedule dates, and are serviced by a single repayment account
- The funds in the repayment account are insufficient

If the availability of funds has to be ascertained:

- All the components which are due will be liquidated only if funds are available in the repayment account
  - In case of insufficient funds, a partial liquidation is done to the extent of availability of funds. If this is so:
    - The payment schedules for those components, which have not been liquidated or have been partly liquidated, will be left as outstanding. Aging analysis on such placements will be carried out as specified for the product and an appropriate compensation applied, if it has been defined for the product.
    - The component(s) for which funds are available will be liquidated in the order that you have specified in the 'Liquidation Order' screen. This can be done if you want to allot priority to the recovery of certain components. (For example, you may want to recover the profit type of components first and then the principal). If the liquidation order is not specified for the components, then, it will be liquidated in the following order:
      - Compensation Profit (if one has been applied)
      - Profit
      - Principal
- If availability of funds need not be ascertained and the liquidation results in the account going into a debit balance:
- All the components will be liquidated only if the repayment account has been defined for overdraft. The schedules for the components will be liquidated to the extent of the debit balance allowed. If it crosses the extent of debit balance allowed (the extent of overdraft limit); the liquidation will be done with an overdraft override, which will be automatically recorded.

On the repayment account that has a debit balance, the debit profit as specified for the type of accounts (current or savings), through the Profit and Charges sub-system, will be applied.

- If overdraft is not allowed for the account, the components will be liquidated to the extent of availability of funds.

Placements with payments, which have not been processed due to non-availability of funds, will appear in the Exception Report generated by the Automatic Contract Update function for the day.

**Note:**

For the final principal payment on maturity, the availability of funds in the payment account will always be verified.

The system will not allow any value dated amendment if the value for this field is 'Complete'.

**Rollover Indicator**

This option is updated by the system. You cannot change it. If checked, it indicates that the contract has been rolled over.

## 3.4 Modify a Placement or a Borrowing

This topic describes the two types of placement or borrowing modification.

There are two types of modifications that you can make on a contract:

- Those that affect the financial details of the contract.
- Those that do not affect the financial details of the contract

("Financial details" include the accounting entries that have already been passed or the advices that have already been generated).

For example, the changes made to the User Reference Number, Auto Rollover and Auto Liquidation flags, do not result in changes to the accounting entries that have been passed.

However, the inputs to some fields that contain financial information is changed only under specific circumstances. This is done through the Value Dated Changes function. For example, the changes in the interest rate, increase in the principal, etc., is made only through the Value Dated Changes function.

A deal on which the previous activity has been saved but not been authorized is modified. For example, you have captured the details of a deal. The details are saved but not yet authorized when you realize that some of the details have been wrongly entered. You can unlock the contract make the modifications and Save it. The uploaded contracts is amended by any valid user – the contract maker or others.

**Note:**

Any type of change, however, has to be authorized, before it takes effect.

## 3.5 Financial Details available for Change

Inputs to the following fields available for change based on the requirement through the contract processing function:

- Takedown Account if the placement has not yet been initiated and Customer Account if a borrowing has not been initiated.

- Maturity Account if the deal is yet to mature
- Interest Payment Account if the entire interest on the deal has not yet been liquidated. The new account is used for future interest payments.
- Contract End Date for a notice or call type of deal.
- Tax details if tax has not yet been liquidated

**Note:**

The changes listed do not trigger any accounting entries or the generation of any advices.

## 3.6 Reversing and Rebooking Contracts

This topic describes the Reversing and Rebooking of contracts.

While reversing and rebooking the parent contract details including the subsystems will be copied to a new contract and the parent will be reversed and the screen will be in new mode so that any details of the contract can be changed. It will be validated that no payment messages have been sent for the 'Reversed FCC ref no'. A configurable override will be displayed. If the payment messages have been generated then the Cancellation request messages (REVSWIFT) will be generated. At the branch parameters maintenance, the check box 'User Ref No in Messages' should be selected.

The user reference number and the external reference number of the parent contract number will be copied to the new contract. Deletion of the new contract will delete the reversal of the parent contract and set the value of user ref number and external ref number in the parent contract from the child contract. Authorization of the new contract will authorize the parent contract. It will not be possible to delete or authorize the reversal of the parent contract reference number without deleting or authorizing the child.

The Confirmation message of the parent message will be suppressed if the counterparty of the parent contract and the current contract are the same. In case the counterparty of the parent and child are the same then in case the parent contract is confirmed then the child will also be marked as confirmed. If the parent is not confirmed then it will be marked as confirmed and the incoming confirmation will be matched with the child contract.

## 3.7 Display the Other Details of a Deal

This topic describes the other deal details displayed in the contract online screen.

Using the buttons that are displayed in the 'Contract Online' screens you can view the following details of a deal:

- The settlement details
- The tax details
- The advices that you can suppress or prioritize
- The MIS details
- The ICCB details
- The events for the deal

- The accounting entries for the deal
- The brokerage details

## 3.8 Advices for Deal Initiation

This topic describes the systematic instruction to specify the details of the advices for the product.

The advices that have to be generated for any event are specified for the product involved in the deal and are generated after the product is authorized at product level. For example, you may have specified the following advices for the product:

- When a deal is initiated, an advice, addressed to the customer
- If any components (like discounted interest, tax on principal etc.) Are liquidated on take down, an advice for each of them.
- While processing the deal initiation, you can do the following:
- Suppress the generation of any of these advices
- Specify the priority of generation

1. On the **Money Market Contract Input** screen, click **Advices**.  
**Advice Details** screen is displayed.

**Figure 3-1 Advice Details**

2. On the **Advices Details** screen, specify the details as required.  
The following changes are allowed:

**Table 3-2 Advices - Field Description**

| Field           | Description                                                                                                                                                                         |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Suppress</b> | By default, all the advices that have been defined for a product is generated for a deal. However, suppressing the generation of advice for a deal by specifying so in this screen. |
| <b>Priority</b> | Priority applies to payment messages that are sent over SWIFT By default, such advices are sent on a Normal priority. You can change it to Urgent.                                  |

## 3.9 View Event Details

This topic provides the instructions to view the event details.

View all the events that have to take place on a Money Market deal through the **View Events** screen.

All the events that taken place on the deal so far are listed in this screen according to the sequence in which they have taken place. The Date on which the event took place will also be displayed.

1. Access this screen by clicking on the **Events** button in any of the Contract On-line screens.
2. View the list containing events like Booking, Initiation, Interest Accrual, etc.

**Treasury Events** screen is displayed.

**Figure 3-2 Treasury Events**

| Event Number       | Event Code | Description | Event Date | Authorization Status | Maker Id | Checker Id |
|--------------------|------------|-------------|------------|----------------------|----------|------------|
| No data to display |            |             |            |                      |          |            |

## 3.10 View Accounting Entries for Deal Initiation

This topic provides the instructions to view the accounting entries for deal initiation.

From the **Money Market Input** screen, **Navigate to Treasury Events** screen.

- On the **Treasury Events** screen, click **Accounting Entries**.  
**Accounting Entries** screen is displayed.

**Figure 3-3 Accounting Entries**

## 3.11 Different Versions of a Deal

This topic describes the different version of a deal.

When a deal is input, it is assigned a version number of 1. From then on, each amendment of the deal results in its next version. When you come to the Detailed View Screen for a deal, the latest version are displayed.

To see the previous version, click previous icon from a previous version, clicking next icon displays the next version.

## 3.12 Initiate a Future Value Dated Deal

This topic describes how to initiate a future value dated deal manually.

A “future-dated” deal is one that has a Value Date that is later than the date on which it is booked. The Automatic Contract Update function will initiate the deal on the Value Date of the deal.

A future Value Date falling on a holiday is initiated either on the previous working day or the next, depending on your definition for automatic processing at your branch.

All the initiation related entries specified for the product involved in the deal is passed automatically. If currency conversions are involved, the conversion rates as of the date on which the deal is initiated is picked up from the Currency Table. To recall, the rates that are applicable to a deal are defined for the product involved in the deal.

If there is a rate revision applicable for the future dated deal on the day it is initiated (that is, on the future Value Date), the rate revision will also be applied on the deal. This rate revision could either be due to a Floating Rate change or a Value Dated Change.

### Initiate Future Dated MM deals Manually

In a situation where the Initiation event for an MM deal has not been triggered during the BOD processes, you can choose to trigger it manually using the Reopen option in the Toolbar or from the Actions Menu. A typical instance when the system does not trigger the initiation event is due to insufficient funds.

You can manually trigger the Initiation event for all uninitiated MM deals with value date less than or equal to the system date.



#### Note:

If your user profile has been granted the Auto-Auth privilege, such a deal gets authorized automatically after initiation. Otherwise, it has to be authorized by a different user from the MM contract online screen.

## 3.13 Commodity Details Maintenance for a Contract

This topic describes the systematic instruction to capture the commodity details maintenance for a contract.

Murabaha MM contracts that require commodity tracking are processed under products for which you have selected the 'Commodity Tracking' option as a preference in the **Murabaha Money Market - Preferences** screen. For such contracts, commodity tracking becomes mandatory to activate the contract. You can capture the commodity details for a contract using **MC Commodity Tracking** screen.

1. On the Home page, type **MCDCOTRK** in the text box, and click the next arrow.  
**MC Commodity Tracking** screen is displayed.

**Figure 3-4 MC Commodity Tracking**

2. On the **MM Confirmation Rule Maintenance** screen, specify the details as required.

In this screen, by default the following fields are displayed:

- Contract reference number - the contract for which you have to specify the commodity details

- Counterparty
- Event sequence number
- Operation - When you unlock a contract, this field is populated based on the contract type and the commodity tracking status. For instance, for the contract type 'Placement', if the commodity tracking status is 'Waiting for Offer', then this field is populated as 'Offer Acceptance' and if the commodity tracking status is 'Offer Received and Accepted', then it is populated as 'Closure'. Similarly for the contract type 'Borrow', if the commodity tracking status is 'Offer to be sent', this field is populated as 'Sending Offer' an

 **Note:**

You can not change the above details.

For information on fields, refer to the below table.

**Table 3-3 MM Confirmation Rule Maintenance - Field Description**

| Field                             | Description                                                                                                                                                                                                |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Goods Description</b>          | You can describe the goods/commodity being bought. You cannot modify this information if the 'Commodity Tracking Status' is 'Closure'.                                                                     |
| <b>Global Agreement Reference</b> | Specify the agreement reference number associated with the transaction.                                                                                                                                    |
| <b>Global Agreement Date</b>      | Specify the date of the agreement that you associate with the contract.                                                                                                                                    |
| <b>Quantity Units</b>             | Specify the unit in which the commodity is measured. You cannot modify this information if the 'Commodity Tracking Status' is 'Closure'.                                                                   |
| <b>Quantity</b>                   | Specify the quantity to be purchased. You cannot modify this information if the 'Commodity Tracking Status' is 'Closure'.                                                                                  |
| <b>Purchase Price</b>             | By default, the principal amount of the transaction is displayed as the purchase price of the commodity. You will not be able to change this value. The currency of the purchase amount is also displayed. |
| <b>Purchase Unit Price</b>        | Based on the quantity of the commodity purchased and the purchase price, the system arrives at the unit price (Purchase Price/Quantity). The currency of the amount is also displayed.                     |
| <b>Sale Price</b>                 | By default the system displays the sum of principal amount and profit of the transaction. You will not be able to change this value. The currency of the amount is also displayed.                         |
| <b>Sale Unit Price</b>            | Based on the quantity of the commodity sold and the sale price, the system arrives at the unit price (Sale Price/Quantity).                                                                                |
| <b>Location</b>                   | Specify the place of the trade, that is, the place where the sales and purchases of the commodity occurs.                                                                                                  |
| <b>Counter Party</b>              | Specify the name of the counterparty associated with the trade.                                                                                                                                            |

Table 3-3 (Cont.) MM Confirmation Rule Maintenance - Field Description

| Field                                         | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|---------------------------|---------------------------|-------------------|------------------------------------|-----------------------------|-----------------------------------------------|--------|--------|---------------------------|---------------------------|------------------|------------------------------------|------------|-----------------------------------------------|--------|
| <b>Payment Instructions</b>                   | Here, you can capture payment instructions for the trade. You cannot modify this information if the 'Commodity Tracking Status' is 'Closure'.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
| <b>Title Documents</b>                        | Specify the documents that should be submitted as part of commodity trading.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
| <b>Guarantee Ref</b>                          | <p>Specify the reference number of the guarantee linked to the contract. The option list will display all valid guarantee contracts (advice of guarantee for placement contracts) that have not already been linked to an Murabaha MM contract. You can associate a guarantee only if the Commodity Tracking Status' is 'Closure'.</p> <div>  <b>Note:</b> <p>The 'Commodity Tracking Status' in the status bar of the Contract Online screen displays the current tracking status of the contract and this varies depending on the contract type, whether 'Placement' or 'Borrowing', as follows:</p> </div> <p><b>Table 3-4 For Placements</b></p> <table> <tr> <th>Events</th><th>Commodity Tracking Status</th></tr> <tr> <td>BOOK (Booking a contract)</td><td>Waiting for Offer</td></tr> <tr> <td>OFFR (Offer received and accepted)</td><td>Offer Received and Accepted</td></tr> <tr> <td>GRNT (Receipt of the letter of the guarantee)</td><td>Closed</td></tr> </table> <p><b>Table 3-5 For Borrowings</b></p> <table> <tr> <th>Events</th><th>Commodity Tracking Status</th></tr> <tr> <td>BOOK (Booking a contract)</td><td>Offer to be sent</td></tr> <tr> <td>OFFR (Offer received and accepted)</td><td>Offer sent</td></tr> <tr> <td>GRNT (Receipt of the letter of the guarantee)</td><td>Closed</td></tr> </table> <p>Contracts that require commodity tracking will be initiated or activated only when the status is 'Closed'. For contracts involving normal products, 'Commodity Tracking Status' will be displayed as 'Not Applicable'.</p> <p>You cannot perform any operation in the 'Commodity Tracking' screen when the 'Commodity Tracking Status' is 'Closed'.</p> <p>You can also view the commodity details for a contract by clicking 'Commodity Tracking' button in the 'Contract Online' screen.</p> | Events | Commodity Tracking Status | BOOK (Booking a contract) | Waiting for Offer | OFFR (Offer received and accepted) | Offer Received and Accepted | GRNT (Receipt of the letter of the guarantee) | Closed | Events | Commodity Tracking Status | BOOK (Booking a contract) | Offer to be sent | OFFR (Offer received and accepted) | Offer sent | GRNT (Receipt of the letter of the guarantee) | Closed |
| Events                                        | Commodity Tracking Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
| BOOK (Booking a contract)                     | Waiting for Offer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
| OFFR (Offer received and accepted)            | Offer Received and Accepted                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
| GRNT (Receipt of the letter of the guarantee) | Closed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
| Events                                        | Commodity Tracking Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
| BOOK (Booking a contract)                     | Offer to be sent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
| OFFR (Offer received and accepted)            | Offer sent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |
| GRNT (Receipt of the letter of the guarantee) | Closed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |        |                           |                           |                   |                                    |                             |                                               |        |        |                           |                           |                  |                                    |            |                                               |        |

## 3.14 Display Contract Details

This topic provides the instructions to capture the Islamic Money Market Contract Summary details.

You can view the MM contract details maintained in the Islamic Money Market Contract Details using the **Money Market Contract Summary** screen.

1. On the Home page, type **MCSTRONL** in the text box, and click the next arrow.  
**Islamic Money Market Contract Summary** screen is displayed.

**Figure 3-5 Islamic Money Market Contract Summary**

2. On the **Islamic Money Market Contract Summary** screen, specify the details as required.

In the above screen, you can base your queries on any or all of the following parameters and fetch records:

**Table 3-6 Queries - Parameters**

| Field                     | Description                                                                                                                                                                                                                                 |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Recommended Fields</b> | Specify the reference number. Alternatively, you can select the reference number from the option list. The list displays all valid reference numbers maintained in the system. You have to specify a minimum of 6 characters in this field. |

Table 3-6 (Cont.) Queries - Parameters

| Field           | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Optional Fields | <ul style="list-style-type: none"><li>• Authorization Status</li><li>• Status</li><li>• User Reference</li><li>• Product</li><li>• Customer</li><li>• Currency</li><li>• Booking Date</li><li>• Maturity Date</li><li>• Related Reference</li><li>• Account Branch</li><li>• Module</li><li>• Settlement Status</li><li>• Parent Contract Reference</li></ul> <p>Select any or all of the above parameters for a query and click <b>Search</b>. The following records meeting the selected criteria are displayed.</p> <ul style="list-style-type: none"><li>• Authorization Status</li><li>• Status</li><li>• Reference No</li><li>• User Reference</li><li>• Product</li><li>• Customer</li><li>• Currency</li><li>• Amount</li><li>• Booking Date</li><li>• Trade Date</li><li>• Value Date</li><li>• Maturity Date</li><li>• Related Reference</li><li>• Account Branch</li><li>• Module</li><li>• Status</li><li>• Payment Method</li><li>• Rate Code</li><li>• Rate</li><li>• Spread</li><li>• Profit/Amount</li><li>• Product Description</li><li>• Outstanding Principal</li><li>• Related Reference</li><li>• Settlement Status</li><li>• Parent Contract Reference</li><li>• Checker ID</li><li>• Maker ID</li></ul> |

## 3.15 Authorize Bulk Contracts

This topic describes the instructions to authorize the bulk MM contracts and how to view the errors and settlement details.

Money market deals must be authorized in the respective Contract Online screens. This method of authorizing the deals are quite cumbersome, especially if the volume of transactions is large. In view of that, Oracle Banking Treasury Management allows bulk authorization of all unauthorized money market deals from the 'Unauthorized Contracts' screen.

1. On the Home page, type **CSDUAUTH** in the text box, and click the next arrow.
2. On the **Bulk Authorization Detailed** screen, specify the parameters as required.

The parameters are:

- The module (MM or FX) whose deals or contracts are authorized.
- On selection of the module, all unauthorized deals or contracts about that module is displayed in the grid.
- Whether the system should ignore the overrides generated at the time of authorization.
- If the overrides of the deals are not authorized, the system displays an error message. Check against 'Ignore Overrides' to ignore the overrides associated with the contracts.

For example, if the maturity date of a contract is 30th December 2001 and is a holiday for your bank, system will display an override:

"30-DEC-2001 is a holiday".

However, you can opt to ignore such overrides by checking against 'Ignore Overrides'.

- Whether the messages associated with authorization should be generated
- On authorization of a contract, the messages associated with the deal is generated. To generate the messages, check against 'Generate Messages'.

- [Settlement Details](#)
- [Details of the Deal](#)

### 3.15.1 Settlement Details

The settlement account details of each deal is displayed in the Settlement Instructions screen. Click on the contract for which you want to view the settlement details and it is displayed in the Settlement Instructions section. For each amount tag, the following settlement details are displayed:

- Settlement account
- Currency of the settlement account
- Settlement account branch
- Payable or Receivable

- Ordering Institution
- Ordering Customer
- Beneficiary Institution
- Ultimate Beneficiary

The settlement details for the latest event of the deal is displayed.

1. On the **Money Market Contract Input** screen, click **Settlement details**.  
**Settlement details** screen is displayed.

**Figure 3-6 Settlement Details**

2. On the **Settlement Details** screen, click **Payment details**.  
**Settlement Details** with **Payment details** page is displayed.

**Figure 3-7 Settlement Details with Payment details**

The screenshot shows a web form titled "Settlement Details" with a close button (X) in the top right corner. The form has several tabs: "Account Details", "Payment Details" (which is selected and highlighted with a blue underline), "Parties", "Parties", and "Other Details".

At the top, there are two input fields: "Contract Reference \*" and "Component".

The "Payment Details" tab contains the following sections:

- Payment By:** Includes radio buttons for "Instrument", "Clearing", and "Message".
- Details Of Charge:** Includes radio buttons for "Beneficiary - All Charges", "Remitter our Charges", and "Remitter all Charges".
- Details of Payment:** Includes four input fields for "Details of Payment 1" through "Details of Payment 4", each with a magnifying glass icon. Below these are "Banking Priority" and "Transfer Type" (set to "None").
- Instrument Details:** Includes input fields for "Type" and "Number".
- Terms & Additional Conditions:** Includes six input fields for "Information 1" through "Information 6", each with a magnifying glass icon.
- Sender to Receiver Information:** Includes six input fields for "Information 1" through "Information 6", each with a magnifying glass icon.
- Sender To Receiver Information For Cover:** Includes six input fields for "Information 1" through "Information 6", each with a magnifying glass icon.
- Additional Reporting Details:** Includes six input fields for "Information 1" through "Information 6", each with a magnifying glass icon.

At the bottom right of the form, there are "Exit" and "Save" buttons.

3. On the **Payment Details** tab, specify the details as required.

### 3.15.2 Details of the Deal

The details of the unauthorized deals are viewed by double clicking on the deal reference number in this screen.

In case of money market deals, the screen that is displayed on double clicking a deal depends on the stage of the deal that is unauthorized.

- If booking, initiation or deal amendment is not authorized, the Contract Online screen is displayed
- If a payment of a deal is unauthorized, the Payment screen is displayed
- If a value-dated amendment is unauthorized, the Value Dated Amendment screen is displayed.

## 3.16 Reassign a Contract to Another User

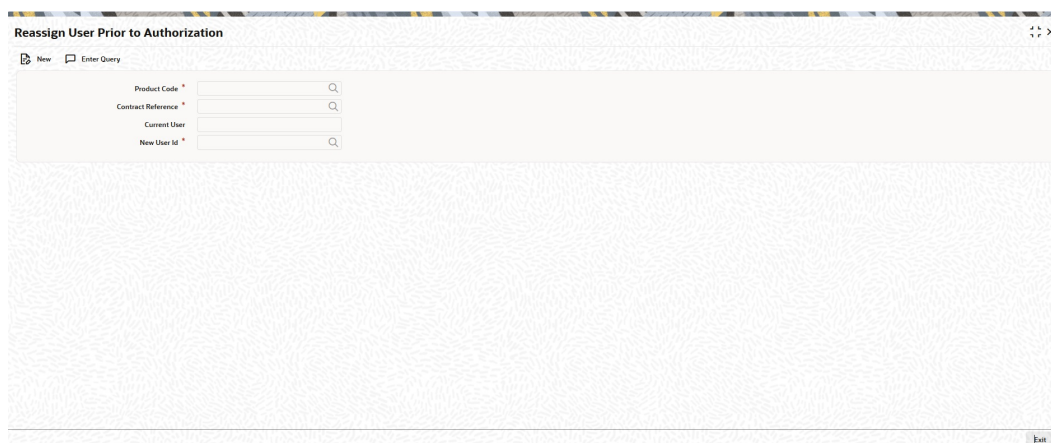
This topic provides the instructions to reassign the contract to another user.

Normally, an unauthorized contract are deleted only by the user who has created it. If a contract needs to be deleted and the user who has created it is not around to do it, then you may reassign the contract to another user. The newly assigned user can delete the contract. Typically, this situation may arise during End of Day operations when an unauthorized contract has to be deleted, and the user who created it has left

the office for the day. You can reassign a contract only if you have sufficient access rights to do it. You can reassign a contract through the **Reassign User Prior to Authorization** screen.

1. On the Home page, type **MCDREAS** in the text box, and click the next arrow.  
**Reassign User Prior to Authorization** screen is displayed.

**Figure 3-8 Islamic Reassign User Prior to Authorization**



2. On the **Islamic Reassign User Prior to Authorization** screen, specify the details as required.

For information on fields, refer to the below table.

**Table 3-7 Reassign User Prior to Authorization - Field Description**

| Field                     | Description                                                                                                                                                                                |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Product Code</b>       | This is a Mandatory field.<br>Specify the product code associated with the contract that you want to reassign to a different user. Select the product code from the adjoining option list. |
| <b>Contract Reference</b> | This is a Mandatory field.<br>Specify the reference number of the contract that you need to reassign. Select the appropriate one from the adjoining option list.                           |
| <b>Current User</b>       | The user ID of the person who has created the contract is displayed in this field.                                                                                                         |
| <b>New User Id</b>        | This is a Mandatory field.<br>Specify the user ID of the person to whom you need to reassign the contract.<br>.                                                                            |

3. Click the **Ok** button to save the details you entered. The system will reassign the contract to the new user. Click the **Exit** button if you do not want to save the details.

# 4

## Process Repayments

When you Murabha Money Market a money market deal, you also decide on the terms of the repayment of the placement or borrowing. You may have your repayment schemes; for example, you may prefer monthly repayments of profit or the repayment of the principal on maturity, and so on. Or, you may design repayment schedules to suit the convenience of your customer. Your customer may want the repayments done daily, instead of every week, for example.

In Oracle Banking Treasury Management, you can customize your repayment schedules for a money market product. The same schedules will, by default, apply to the deals involving the product. However, when processing a specific deal, you can change the repayment schedule, which it inherits, from the product it involves.

This topic has the following sub-topics:

- [Define Schedules for a Product](#)  
This topic describes the repayment schedules definition for the product.
- [Schedule Preferences](#)  
This topic provides the instructions to capture the product schedule preferences.
- [Define Repayment Schedules](#)  
This topic provides the instructions to capture the repayment schedules.
- [Specify Deal Schedule Preferences](#)  
This topic describes how to specify deal schedule preferences, contract preferences, and liquidate back values schedules.
- [Revision and Repayment Schedules](#)  
This topic describes the interest rate revision schedules, rate revision frequency, rate revision dates, repayment schedule, and schedules for a deal with a fixed interest rate.
- [Redefine Schedules](#)  
This topic describes how to redefine schedules.
- [Schedule Details](#)  
This topic provides the instructions to capture the Schedule Details.
- [Make Manual Payments](#)  
This topic provides the instructions to capture the Manual Payments.

### 4.1 Define Schedules for a Product

This topic describes the repayment schedules definition for the product.

Define repayment schedules for the interest or interest types of ICCB components like a tenor based charge or fee and the principal of a Money Market deal while defining a product.

The attributes of the schedules for a product are defined through the Money Market - Product Preferences screen. The following are the attributes of a repayment schedule:

- Mode of liquidation - auto or manual. This is changed at the time of deal processing.

- Liquidation of back valued schedules upon initiation of a deal. This is changed at the time of deal processing based on requirement.

However, for a deal, you can have:

- Only a maturity schedule for the principal and no interim schedules
- Interim schedules for the interest
- The only normal type of schedules for interest. Schedules cannot be capitalized or amortized
- No schedules for commission, charge or fees

A discussion on these attributes follows in this topic.

The Automatic Contract Update function executed as part of the Murabaha Money Market Batch Daily routine automatically liquidates schedules that you have marked for auto liquidation. If schedules are marked for manual liquidation, you will have to liquidate them through the Contract Schedule Payments function.

Once you specify the attributes of schedules in the Product Preferences screen, the default schedules, which you want, applied to the deals involving the product, and are specified through the Product Schedules screen.

At the time of deal processing, you can change the schedules which have been inherited by the deal, to suit your needs.

If the Interest specified is an amount and not a rate (Special type of Interest), you should enter this amount for the interest component. You should specify the number of schedules for the component (interim schedules and maturity schedule). You can give the Start Date, Frequency and Unit again or let the details inherited from the product remain.

**Note:**

If schedules are not defined for the product, then the borrowings or placements under it will have bullet (or balloon) schedules by default. That is, all the components is liquidated on Maturity.

Since for a money market deal, the principal repaid is always at Maturity, you need not define a schedule.

## 4.2 Schedule Preferences

This topic provides the instructions to capture the product schedule preferences.

Define the attributes of the schedules for a product through the Preferences screen.

1. On the **Product Definition** screen, click **Preferences**.

**Preferences** screen is displayed.

Figure 4-1 Preferences

- On the **Preferences** screen, specify the details as required.  
For information on fields, refer to the below table.

Table 4-1 Preferences - Field Description

| Field                               | Description                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Bearing</b>                      | The interest is liquidated on the scheduled payment date(s).                                                                                                                                                                                                                                                                                                                     |
| <b>Discounted</b>                   | In this interest payment method, the interest is deducted at the time of initiating the deal.                                                                                                                                                                                                                                                                                    |
| <b>True discounted</b>              | In this interest payment method, the interest is calculated on the principal in a manner differing slightly from the 'Discounted' method. The interest rate is applied on the Principal instead of the Nominal, as it is done in the 'Discounted' method.<br><br>To go to the Product Default Schedules screen, click on the Schedules button in the Product Preferences screen. |
| <b>Indicating the Schedule Type</b> | You can define schedules for each component for the product through the Product Default Schedules screen. This involves specifying the reference date, the frequency, the month and date for each component.                                                                                                                                                                     |

Mode of Liquidation

Components of a deal are liquidated automatically or manually. In the Product Preferences screen, you should indicate whether the mode of liquidation of repayment schedules is to be automatic.

Specify Auto liquidation if you want the components of a deal (involving a product) to be liquidated automatically. If you so specify, a schedule is automatically liquidated the day it falls due, during the beginning of day processing (by the Automatic Contract Update function.)

Now, consider the following situation:

- You have indicated automatic liquidation
- The scheduled date falls on a holiday, and

You have specified (through the contract preferences screen), that the holiday be ignored while calculating the scheduled date.

In such a situation, a repayment falling on a holiday would be processed according to your specifications for holiday handling (in the MM Branch Parameters screen). It would be as follows:

- If you have specified that processing has to be done (on the last working day before the holiday) for automatic events right up to the day before the next working day, the schedule falling on the holiday will be liquidated during the end of day processing on the last working day before the holiday.
- If you have specified that processing has to be done only up to the System Date (today), then only those events scheduled for today (the last working day before the holiday) will be processed. The events falling due on holiday are processed on the next working day after the holiday, during the beginning of day processing.

In such a situation, a repayment falling on a holiday would be processed according to your specifications for holiday handling (in the MM Branch Parameters screen). It would be as follows:

- If you have specified that processing has to be done (on the last working day before the holiday) for automatic events right up to the day before the next working day, the schedule falling on the holiday will be liquidated during the end of day processing on the last working day before the holiday.
- If you have specified that processing has to be done only up to the System Date (today), then only those events scheduled for today (the last working day before the holiday) will be processed. The events falling due on holiday are processed on the next working day after the holiday, during the beginning of day processing.

If a borrowing has been defined for verification of funds before automatic liquidation (through the Contract Online Preferences screen), those components whose schedule dates fall on the same day will be liquidated in the order you have specified when defining the product.

If the funds are insufficient, the liquidation is done to the extent of the available balance in the repayment account. The components will be liquidated in the order that you specify. This will be reported in the Exception Report generated at the end of every day, automatically (by the Automatic Contract Update function). If you have not specified that the funds be verified, and there are insufficient funds in the repayment account:

- The repayment account will be put into a debit balance (if you have allowed overdraft) and the schedules for the components liquidated to the extent of the

debit balance that you have allowed for the account. You can liquidate beyond the allowed debit balance for an account after overriding a warning message. This override will be recorded for audit trail purposes. Debit interest, as specified for the type of account (current or savings); is applied on the debit balance.

- If the repayment account has not been defined with an overdraft, the liquidation will not be processed.

If you specify manual liquidation for deals involving the product, then you will have to do the liquidation manually, through the Manual Liquidation screen.

### Liquidate Back Valued Schedules During Initiation

Indicate whether for a backdated deal that has schedules before today's date; the schedules have to be liquidated when the deal is initiated. A backdated deal is one, which has an initiation date, which falls before today's date.

### Specifying the Payment Method

You have to specify whether the payment method for the main interest is to be bearing, discounted, or true discounted. This cannot be changed at the time of processing a deal.

3. On the **Preferences** screen, click **Schedules**.

When creating a product (in the Product Default Schedules screen), you can define schedules for all deal components. This involves specifying the reference date, the month and the date for each component etc. All deals, involving the product, will acquire these attributes. The system generates multiple schedules for the principal schedule as per the maintenance, and the interest is calculated based on the principal due.

**Product Default Schedules** screen is displayed.

**Figure 4-2 Product Default Schedules**

4. On the **Product Default Schedules** screen, specify the details as required.

#### **Note:**

The multiple partial payment of principal component is possible only if MULTI\_SCH\_PRIN is installed. You can check it through the CSDTRFEM screen.

For information on fields, refer to:

**Table 4-2 Product Default Schedules - Field description**

| Field            | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Component</b> | <p>Define different repayment schedules for the different components according to your needs. First of all, you should specify the component for which you want to define the schedule. All components of the principal and any other component depending upon your ICCB definition for the deal are available in the adjoining option list. You will have to define schedules for each of them.</p> <p>When defining repayment schedules for specific deals, the amounts for components like interest, commission, and the fee will be calculated by the system automatically, depending on the repayment date and amount of the principal. However, for deals with special interest, you will also have to provide the interest amount.</p>                                                                                                                                                                                                                                             |
| <b>Refer</b>     | <p>Indicate whether the dates of repayment schedules should be calculated based on the Value Date (date of initiation of the deal) of the deal involving the product, or a Calendar Date. If you specify that the Reference is the Value Date (date of initiation of the money market deal), the dates for scheduled repayments are based on this date and the frequency.</p> <p>If the Reference is specified as the Calendar Date, the dates for scheduled repayments are based on the Start Date (specified by you), the Month and the Frequency. The following example illustrates this concept.</p> <p>If Reference is set to Value Date (deal initiation date), you need to specify only the frequency (monthly, quarterly etc.) and the unit of frequency (if you specify the frequency as weekly and the unit as 1, it means once a week). The system will set the schedule according to the Frequency and Unit of Frequency you have specified, beginning on the Value Date.</p> |
| <b>Frequency</b> | <p>You can have multiple schedules for payment of partial principal component. The list displays the following frequencies:</p> <ul style="list-style-type: none"><li>• <b>Daily</b></li><li>• <b>Weekly</b></li><li>• <b>Quarterly</b></li><li>• <b>Monthly</b></li><li>• <b>Half-yearly</b></li><li>• <b>Yearly</b></li><li>• <b>Bullet</b></li></ul> <p>The frequency is based on the requirements, and the units should be 1.</p> <p>By default, the frequency will be Bullet, meaning all the repayments will be made on maturity. If the frequency is defined as Bullet, you cannot enter a value into the subsequent fields.</p>                                                                                                                                                                                                                                                                                                                                                   |

**Table 4-2 (Cont.) Product Default Schedules - Field description**

| Field              | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Unit</b>        | <p>You can specify the number of units for the frequency you have set for a particular component.</p> <p>For example, if you want a payment every 15 days, you will have to specify</p> <ul style="list-style-type: none"> <li>• The frequency as Daily and</li> <li>• The units as 15.</li> </ul> <p>For payments every three weeks, you will have to define</p> <ul style="list-style-type: none"> <li>• The frequency as weekly and</li> <li>• The unit as three.</li> </ul>                                                                                                                            |
| <b>Day</b>         | <p>If you have set the Reference as Calendar Date and the frequency as weekly, quarterly, half-yearly or annual indicate the day on which the first schedule falls due. Based on this, the subsequent schedule dates are calculated.</p>                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Month</b>       | <p>If you have set the Reference as Calendar Date and the frequency as weekly, quarterly, half-yearly or annual indicate the month in which the first schedule falls due. Based on this, the subsequent schedule dates are calculated.</p>                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Date</b>        | <p>If you have set the Reference as Calendar Date, you should indicate the date on which the schedule should fall due. Specify 31 to indicate that the schedule should fall due on the last day of the month (that is, 31 for months with 31 days, 30 for months with 30 days and 28 or 29, for February).</p> <p>The schedule repayment dates are computed using the Frequency, (Start) Month and the (Start) Date.</p> <p>A scheduled date:</p> <ul style="list-style-type: none"> <li>• Should be later than or the same as the Value Date</li> <li>• It cannot be beyond the Maturity Date.</li> </ul> |
| <b>Period Unit</b> | <p>You need to specify the unit for the interest period. The available options are as follows:</p> <ul style="list-style-type: none"> <li>• <b>Days</b></li> <li>• <b>Months</b></li> <li>• <b>Years</b></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                        |

## 4.3 Define Repayment Schedules

This topic provides the instructions to capture the repayment schedules.

The payment schedules defined for a product will apply to all deals involving the product. When you process a deal in the Contract Schedules screen, the details defined for the product (which the deal involves) are displayed. The schedules that have not been liquidated and which fall due on the current system date, or later than the current system date, will be erased and you can go on to define the new repayment schedules.

1. On the Contract Input screen, click **Schedules**.

**Schedules** page is displayed.

**Figure 4-3 Money Market Contract Input with Schedules Tab**

2. On the **Money Market Contract Input with Schedules** tab, click **New**.
3. On the Money Market Contract Input - Schedules screen, Specify the details as required.
4. Click **OK** to save the details or **Exit** to close the screen.

The attributes of the schedules inherited from the product are changed for a deal through the contract Preferences screen.

5. On the **Money Market Contract Input** screen, click **Preferences** to specify an additional set of schedule-related attributes.

Schedule preferences are the attributes of the repayment schedules defined for the deal. The defined attributes for the product inherit all deals involving the product. Some of these attributes are changed. The attributes of the schedules inherited from the product are changed for a deal through the Contract Preferences screen. They are:

- The liquidation of schedules that fall due before the day on which the deal is booked.
- The liquidation mode (auto to manual)

Money Market Contract Input screen with Preferences tab details is displayed.

**Figure 4-4 Money Market Contract Input screen with Preferences**

The screenshot shows the 'Money Market Contract Input' application window. The 'Preferences' tab is selected, displaying the following sections:

- Contract:** Fields for Product Code, Product Description, Source, Dealer, Broker, and Deal Input Time.
- Schedules:** Fields for Version Number, Contract Reference Number, User Reference Number, External Reference Number, Reversal Reference Number, Outstanding Amount, Reject Reason, Settlement Status, and Confirmation Status (set to 'Unconfirmed').
- Rollover:** Fields for Cascade Schedules, Liquidate Back Valued Schedules, Payment on Confirmation, Dealing Method, and Trading Platform Id.
- Preferences:**
  - Holiday Treatment:** Includes 'Others' and 'Liquidate Back Valued Schedules'.
  - Track Receivable:** Includes 'Manual Liquidation', 'Partial Manual Liquidation', and 'Automatic Liquidation'.
  - Loan Statement:** Includes 'Cycle' (set to 'Annual'), 'Statement Type' (radio buttons for None, Detailed, Summary), and 'Settlement Message Generation Details' (radio buttons for Settlement Message Generation Required and Demand Basis).

The bottom navigation bar includes tabs for: Events, Brokerage, Effective Interest Rate, Change Log, Revision Details, Settlement, Split, Messages, Interest, Charges, Tax, MIS, Fields, Advises, Holiday Preferences, Audit, and Exit.

**6. On the Preferences tab, specify the details as required.**

The following provides the details on how to handle liquidation dates which fall on holidays.

- Whether schedule dates are cascaded, if you have indicated that they (schedule dates) are moved forward or backwards in case of a holiday.
- The holiday table of the country of the deal currency has to be checked before setting automatic schedules.
- Whether back valued schedules are liquidated on deal initiation.
- Whether, in case of a placement, the available funds in the repayment account has to be verified if components have the same schedule date and repayment account, and automatic liquidation is specified.
- The Contract Online screens are available under MM in the Application Browser.

## 4.4 Specify Deal Schedule Preferences

This topic describes how to specify deal schedule preferences, contract preferences, and liquidate back values schedules.

Schedule preferences are the attributes of the repayment schedules defined for the deal.

The attributes that have been defined for the product are inherited by all deals involving the product. Some of these attributes can be changed. They are:

- The liquidation of schedules that fall due before the day on which the deal is booked
- The liquidation mode (auto to manual)

Through a set of fields in the Contract Preferences screen, you can specify the following additional set of schedule-related attributes for the deal:

- How liquidation dates falling on holidays should be handled
- Whether schedule dates should be cascaded in case you have indicated that they (schedule dates) be moved forward or backward in case of a holiday
- The holiday table of the country of the deal currency that has to be checked before setting automatic schedules □□ Whether back valued schedules should be liquidated on deal initiation
- Whether, in case of a placement, the availability funds in the repayment account has to be verified if components have the same schedule date and repayment account, and automatic liquidation has been specified

The Contract On-line screens are available under 'Islamic Money Market' in the Application Browser.

- [Specify the Contract Preferences](#)  
This topic describes the back valued schedules liquidation, move schedules forward or backward, specify the holiday currency, mode of liquidation, and cascade schedules.
- [Liquidate Back Valued Schedules](#)
- [When the Repayment Schedule Date is a Holiday](#)
- [Move Schedules Forward or Backward](#)
- [Move Schedule Dates Across the Month](#)
- [Specify the Holiday Currency](#)
- [Mode of Liquidation](#)
- [Cascade Schedules](#)
- [Ascertaining the Availability of Funds](#)

### 4.4.1 Specify the Contract Preferences

This topic describes the back valued schedules liquidation, move schedules forward or backward, specify the holiday currency, mode of liquidation, and cascade schedules.

Although schedules are inherited by a deal from the product, through the Contract Preferences screen, define the schedules for a deal.

A scheduled date:

- Should be later than or the same as the Value Date
- You can have only one schedule for a component for a date, and
- It cannot be beyond the Maturity Date

This topic contains the following subtopics:

### 4.4.2 Liquidate Back Valued Schedules

If you have specified, while defining the product, that a back-dated deal with repayment schedules prior to today's date, the schedules have to be liquidated when the deal is initiated, the same will apply to the deal you are entering.

However, through this screen, you can choose not to liquidate back valued schedules.

### 4.4.3 When the Repayment Schedule Date is a Holiday

You have specified that repayment schedules should be generated automatically once you indicate the frequency, number and the date of the first repayment. When the system computes the repayment dates based on these values, there is a chance that one or more schedules fall due on holiday. In such a case, you have two choices:

- Ignore the holiday and retain the scheduled due date or
- Move it either backwards or forward, by specifying so. If you specify that holidays are to be ignored, the scheduled dates will be fixed without taking the holidays into account. In such a case, if a scheduled date falls on a holiday, the processing of such a schedule is determined by your holiday handling specifications for automatic processes, in the Branch Parameters screen.
- If you have specified that processing has to be done on the previous working day for automatic events right up to the day before the next working day the schedule falling on the holiday will be liquidated during end-of-day processing on the previous working day.
- If you have specified that processing has to be done only up to the System Date, then only the events scheduled for the System Date will be processed. The events of the holiday are processed on the next working day during beginning -of-day processing.

### 4.4.4 Move Schedules Forward or Backward

A scheduled date falls on a holiday, and you have not specified that holidays are to be ignored at the time of schedule definition. In such a case, you should indicate the movement of the scheduled date forward or backwards to the next working day, or the previous working day, respectively. Since the scheduled date itself is moved to a working day, the payment is processed on the due date.

### 4.4.5 Move Schedule Dates Across the Month

If you have chosen to move a schedule falling due on holiday to the next working day, or on the previous working day, and it crosses over into another month, the scheduled date is moved only if you so indicate. If not, the scheduled date will be kept in the same month.

### 4.4.6 Specify the Holiday Currency

You can specify the country of the deal currency for which the holiday table should be checked before drawing the payment schedules related to the deal. In case a schedule falls on a holiday, and you have specified that the schedule is moved forward or backwards, the movement happens according to the holidays in this country. By default, the currency to be checked is the deal currency. If a currency other than this is specified, the holiday table will be checked for both the currencies.

### 4.4.7 Mode of Liquidation

When creating a product, you specify the mode of liquidation - whether automatic or manual. Your specifications will apply to all deals involving the product.

Through the Contract Preferences screen, you can change the mode of liquidation for the deal that you are processing, from automatic to manual, or vice versa.

## 4.4.8 Cascade Schedules

The question of cascading schedules arises only if:

- You have specified that a schedule falling due on holiday has to be moved forward or backwards; and
- The schedule has been defined with a definite frequency
- If you have indicated that schedules should be cascaded, the scheduled date for the next payable schedule will depend on how the scheduled date was moved for a holiday. The following example illustrates how this concept of cascading schedules functions:
- When you cascade schedules, the last schedule (at maturity), however, will be liquidated on the original maturity date and will not be changed like the interim schedules. Hence, for this particular schedule, the interest calculation days may vary from those of previous schedules.

## 4.4.9 Ascertaining the Availability of Funds

When the customer's repayment account is debited automatically by the system, you can specify that the availability of funds for liquidation of the various components of a borrowing has to be ascertained before the liquidation is done.

This feature is of significance when:

- The components have the same schedule dates, and are serviced by a single repayment account
- The funds in the repayment account are insufficient

If the availability of funds has to be ascertained:

- All the components which are due will be liquidated only if funds are available in the repayment account
- If there are insufficient funds, a partial liquidation of components will be done to the extent of funds in the account. If this is the case:
  - The payment schedules for those components, which have not been liquidated, or which have been partly liquidated, will be left outstanding. Aging analysis on such borrowings will be carried out as specified for the product and an appropriate compensation applied.
  - The component(s) for which funds are available will be liquidated in the order you specified in the Liquidation Order screen. Here in, you may have allotted priority to the recovery of certain components. (For example, you may have specified that you would like to recover the profit, commission and fees first, and then, the principal). If the liquidation order is not specified for the components, then, it will be liquidated in the following order:
- Compensation Profit (if this has been applied)
- Profit
- Principal

If availability of funds need not be ascertained and the liquidation results in the account going into a debit balance:

- All the components will be liquidated only if you have allowed overdraft for the repayment account. The schedules for the components will be liquidated to the extent of the debit balance that you have allowed. If the overdraft exceeds the debit balance allowed, the liquidation will be done with an overdraft override that is automatically recorded.
- On the repayment account that has a debit balance, the debit profit as specified for the type of accounts (current or savings) will be applied.
- No liquidation will be done (even for a partial amount) if the account has not been defined for overdraft

Borrowings with payments, which have not been processed, due to non-availability of funds, will appear in the Exception Report generated by the Automatic Contract Update function for the day.

**Note:**

For the final principal payment on maturity, the availability of funds in the payment account will always be verified.

## 4.5 Revision and Repayment Schedules

This topic describes the interest rate revision schedules, rate revision frequency, rate revision dates, repayment schedule, and schedules for a deal with a fixed interest rate.

In the Contract Schedules screen, you can define two types of schedules:

- Those for the revision of interest rates for a deal with floating interest rates, and
- Those for repayment of the various components.

This topic contains the following subtopics:

- [Profit Rate Revision Schedule](#)
- [Specify the Rate Revision Frequency](#)
- [Specify the Rate Revision Dates](#)
- [Repayment Schedule](#)
- [Profit Repayment Schedules as Different from Rate Revision Schedules](#)
- [Specify Schedules for a Deal with a Fixed Profit Rate](#)

### 4.5.1 Profit Rate Revision Schedule

A Floating Rate Table - that contains the market rates for the day - is maintained in the ICCB sub-system so that the latest rates are applied to deals.

The market rates vary daily and are maintained in this table. The rates are applied either every time they change or at periodic intervals. Usually, for Murabha Money Market deals, floating rates are applied, i.e., the latest market rate is applied (see the section on Specifying Rate Code Usage in the chapter 'Processing profit, Charge and Fee'). You can also apply these rates periodically so that you are in tune with the market rates (as opposed to fixed interest rates which remain the same for the entire period of the deal), and at the same time, you do not have to apply the market rates daily.

You can specify if the latest market rates have to be applied every time they change, or if they have to be applied periodically, by defining an attribute called the Rate Code Usage. The Rate code usage is applied through the Product ICCB Details screen for a floating interest type. If you specify 'auto' rate code usage, all the rate changes made during the liquidation or accrual period is considered. If you specify 'periodic' rate code usage, the rates are periodically refreshed and the rates as of a specific frequency, or date, will be applied.

For a deal that has been defined with Periodic Interest that has to be applied at periodic intervals, you can specify the following:

- The frequency at which the periodic rate change has to be applied.
- The dates on which the periodic rate change has to be applied

## 4.5.2 Specify the Rate Revision Frequency

In the MM Contract Schedules screen, select the component, for which the Rate Revision frequency has to be, defined (say INTEREST1). Select the Type as 'R' (Revision), then enter your specifications in the frequency (it could be daily, weekly, etc.), the number, and unit fields. Also, give the Start Date on which the first revision has to take place.

For example, if you specify the frequency, like weekly, the revision will take place every week beginning on the Start Date that you have specified.

## 4.5.3 Specify the Rate Revision Dates

Then, instead of specifying the other schedule details like the frequency, the number and unit, indicate the date in the Start Date field. The rate revision is done on that date.

## 4.5.4 Repayment Schedule

For a repayment schedule, the amount of repayment needs to be specified only for the principal component for both borrowing and placement contracts. The interest, commission and fee components will be calculated by the system automatically, depending on the repayment date and amount of the principal. However, if the interest type is Special, you should specify the interest amount. Similarly, if the deal has been defined with any other fixed amount component, you will have to enter an amount for this. The repayment schedules for the components of the deal will be those defined for the product it involves. You can change the schedules for a deal when processing it. Revision frequency has to be defined (say INTEREST1). Then, instead of specifying the other schedule details like the frequency, the number and unit, indicate the date in the Start Date field. The rate revision is done on that date.

## 4.5.5 Profit Repayment Schedules as Different from Rate Revision Schedules

For a deal on which floating interest is applied at periodic intervals, you may have to define:

- An interest rate revision schedule for the interest component, as well as
- A repayment schedule.

The following example shows how this is achieved:

You have a deal where for the component interest; you have to define an interest rate revision schedule for revisions every week as well as a fortnightly interest repayment schedule. The Start Date of the deal is 1 October '97, and the End Date is 31 October '97. The deal is defined with a periodic rate and the rates in the floating rate table change in the following manner:

**Table 4-3 Floating rates**

| Date            | Description |
|-----------------|-------------|
| 1 October '97   | 12          |
| 12 October '97  | 11.5        |
| 25 October '97  | 11          |
| 15 November '97 | 12          |
| 30 November '97 | 12.5        |

#### **Define a frequency based rate revision schedule**

To define a schedule with periodic rate code usage, through the Contract Schedules screen, mark the component as a revision schedule and specify the component, say Profit, from the pick list. Give the frequency at which the interest rate has to be refreshed, say weekly. Give the Start Date, say 8 October. The first revision will happen on this day, and every week from then on. Save the inputs.

#### **Define a date based rate revision schedule**

If you were to define specific dates - 7 October, 15 October and 23 October - for the rate revision to happen, then, through the Contract Schedules screen, mark the component as a revision schedule and specify the component, say Profit, from the pick list.

Specify the date on which the rate revision is to be done, in the Start Date field, as 7 October. Similarly, define the other dates, but by picking up the same component Profit from the pick list each time.

#### **Define a repayment schedule for the same component**

Now to define a repayment schedule for the same component, Profit, click schedules Tab and choose the component interest from the pick list. Now draw up a repayment schedule for this component. Give a value in the Start Date field, say 15 October 1997. The first interest liquidation will be done on this date.

In the frequency field enter 'monthly' and in the unit field specify '2'. This means the interest repayments will be done every fortnight beginning 15 October.

That is, for a deal defined with frequency-based periodic rates, the rates prevailing on the refresh dates will be used for accruals and liquidation. In the deal we are discussing, with the refresh frequency defined as weekly and the Start Date as 15 October, the rate applied for the interest liquidation on 15 October will be as follows:

**Table 4-4 Profit liquidation on 15 October**

| From      | To         | Rate |
|-----------|------------|------|
| 1 October | 8 October  | 12   |
| 9 October | 15 October | 11.5 |

For a deal with Periodic rate code usage (date based), the rates prevailing on the specific refresh dates will be used for accruals and liquidation. Shown below are the rates applicable on the specified revision dates.

**Table 4-5 Rates Applicable**

| From       | Rate Applicable |
|------------|-----------------|
| 7 October  | 12              |
| 15 October | 11.5            |
| 23 October | 11.5            |

In the deal we are discussing, the rates applied for the interest liquidation on 15 October will be as follows:

**Table 4-6 Profit Rates**

| From       | To         | Rate |
|------------|------------|------|
| 1 October  | 7 October  | 12   |
| 8 October  | 14 October | 12   |
| 15 October |            | 11.5 |

## 4.5.6 Specify Schedules for a Deal with a Fixed Profit Rate

For components of deals with a fixed rate of profit, you will not have to define profit rate revision schedules. The schedules defined for each component at the time of product definition apply to the deal. However, you can change the frequency, number, unit and the start date to suit the specific requirements of the deal that you are processing. Specify the amount only if the schedule defined, involves the principal component or a special profit. But in the case of Money Market deals, the principal is repaid at Maturity.

The amount for profit, commission and fee components (if they are rates) will be calculated by the system automatically, depending on the start date, number of schedules, frequency and repayment amount of the principal. However, an amount is entered here for profit only if the Profit Calculation Method is defined as Special. Input the fee amount only if it is a flat fee. For a money market deal, you can define repayment schedules that:

- Fall due at regular intervals, or
- At irregular intervals

Now, if you want to define schedules that fall due at regular intervals, all you have to do is, for a component, specify the start date, the frequency, the unit and the principal

amount. Since you would have already registered the Maturity Date of the money market deal (for a fixed maturity type), in the Contract Details screen, the schedules would automatically spread out into equal intervals. Based on this information, the system calculates the dates on which the repayments or profit revisions fall due.

For example, consider the following details for a deal: A borrowing of USD 100,000 comes into effect on 1 January 1998 and matures on 31 October 1998. Suppose you want to have ten monthly schedules for profit payment, you have to specify the Start Date as 31 January 1998, the frequency as monthly, the unit as 1. The profit schedules would be spread out over ten months and would fall due to every month-end.

Now, you have a 15-month borrowing beginning 1 January 1998 and ending 31 March 1999.

Suppose, you want to define four quarterly schedules and three monthly schedules for profit payment of this loan, these are irregular schedules, and the 'Number' field assumes importance here. Here, for the component profit, you have to give the Start Date as 31 March 1998, the frequency as quarterly and the unit as 1. The number of such schedules will be four. Hence your quarterly schedule dates will be calculated as:

- 31 March 1998 (Start Date)
- 30 June 1998
- 30 September 1998
- 31 December 1998.

You have to specify for the same component - the profit - the Start date as 31 January 1999, the frequency as monthly, the unit as 1, and the number as '3', if you want to fix three monthly payment schedules after 31 December 1998. They are calculated as falling due on:

- 31 January 1999
- 28 February 1999
- 31 March 1999

## 4.6 Redefine Schedules

This topic describes how to redefine schedules.

Repayments that are scheduled for a date later than today is redefined. This redefinition did even after the deal has come into effect and a few schedules are liquidated.

However, schedules with a date earlier than today's date that is yet to be liquidated cannot be rescheduled. You have to liquidate them through the Manual Liquidation function. Ageing analysis and penalty processing will be done on such overdue schedules if they are borrowings.

The redefinition of schedules will be done automatically on the following occasions:

- When the Maturity Date has changed - a change in the Maturity Date will be handled in the following manner:
- **Extension of the Maturity Date:** The principal repayment schedule that was defined for the earlier Maturity Date is moved to the new Maturity Date. Other components (interest, commission or fee) that are dependent on the tenor of the deal will be recalculated and spread equally over the rest of the repayment schedules for these components.
- **Advancement of the Maturity Date:** All the schedules that are beyond the new Maturity Date is advanced to the new Maturity Date. The number of other components (interest,

commission or fee) that are dependent on the tenor of the deal will be recalculated and spread equally over the rest of the repayment schedules for these components.

- When the Principal is increased: the increased amount is added on to the last principal schedule. Other components (interest, commission or fee) that are dependent on the Principal of the deal will be recalculated and spread equally over the rest of the repayment schedules.
- When there is a prepayment of interest, and you have defined recalculation of schedules on repayment.

In some situations wherein you would want to redefine the schedules, i.e., you may want to change the payment dates or amounts. In such cases, you can change the schedules by invoking the Contract Input screen and going to the Schedule Redefinition screen by clicking on the 'Revision Details' button. If you click the redefinition button on the schedules screen, all the schedules with today's date or a date in the future are erased, and you will be allowed to enter a new set of schedules. To redefine a schedule for only one component, highlight the schedule and make the changes. If the schedules have already been authorized, then you will have to make the changes through the Modify function. After making the changes, you can save the redefined schedules by clicking the save icon. To delete a schedule (before authorization) click delete icon.

#### Authorizing a Redefined Schedule

A redefined schedule has to be authorized before it is used.

## 4.7 Schedule Details

This topic provides the instructions to capture the Schedule Details.

Navigate to the **Schedules** in the contract input screen.

1. On **Islamic Money Market Contract Input > Schedules** details screen, click **Explode**.

**Payment Schedule Details** screen is displayed.

**Figure 4-5 Payment Schedule Details**

**Payment Schedule Details**

**Schedule Summary**

| <input type="checkbox"/> Due date | Pay Receive | Currency | Total amount Due | Total Amount Settled | Total Amount Adjusted | Subsidy Amount | Settlement Date |
|-----------------------------------|-------------|----------|------------------|----------------------|-----------------------|----------------|-----------------|
| No data to display.               |             |          |                  |                      |                       |                |                 |

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**Schedule Details**

| <input type="checkbox"/> Component | Pay Receive | Amount Due | Amount Settled | Adjusted Amount | Subsidy Amount | Back Value Adjustment Amount |
|------------------------------------|-------------|------------|----------------|-----------------|----------------|------------------------------|
| No data to display.                |             |            |                |                 |                |                              |

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**Interest Rate Details**

| <input type="checkbox"/> Calculation Date | Rate Type | Rate Code | Principal Basis | Base Rate | Weighted Average Rate | Base Index Rate | Spread / Margin | Spread Adjustment | No. of Days | Compound Interest | Simple Interest | Tot |
|-------------------------------------------|-----------|-----------|-----------------|-----------|-----------------------|-----------------|-----------------|-------------------|-------------|-------------------|-----------------|-----|
| No data to display.                       |           |           |                 |           |                       |                 |                 |                   |             |                   |                 |     |

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---

**Amount Settled**

| <input type="checkbox"/> Input Date | Value Date | Amount Settled | LCY Equivalent Settled |
|-------------------------------------|------------|----------------|------------------------|
| No data to display.                 |            |                |                        |

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[Schedule Details](#) [Cancel](#)

- On the **Payment Schedule Details** screen, view the Schedule Summary and Schedule details as required.
- On Money Market Contract Input with Schedules tab, View the details of the schedules for a particular deal as required.

In this screen you can see the following details for the component:

- The Due date of the Schedule
  - The Amount Due as of the due date
  - The amount liquidated against the schedule
- On **Money Market Contract Input** screen, click **Revision details**.  
**Revision Schedule Details** screen is displayed.

**Figure 4-6 Revision Schedule Details**

| Component           | Rate Fixing Date | Rate Fixing Applied | Revision Date | Revision Applied | Rate Code | Rate | Spread | Customer Margin | Effective Rate | Source System |
|---------------------|------------------|---------------------|---------------|------------------|-----------|------|--------|-----------------|----------------|---------------|
| No data to display. |                  |                     |               |                  |           |      |        |                 |                |               |

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Exit

5. View the details of the revision schedules for a particular deal.

In this screen you can see the following details for the component:

- **Rate Fixing date**
- **Rate fixing applied**
- **Revision date**
- **Revision Applied**
- **Rate Code**
- **Rate**
- **Spread**
- **Customer Margin**
- **Effective rate**
- **Source System**

Note that the system generates the SGEN only when the rate fixing applied option is Y for all the revision schedules.

## 4.8 Make Manual Payments

This topic provides the instructions to capture the Manual Payments.

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 defining a product and then again, at the time of deal processing. An automatic liquidation 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 a day before the scheduled date. However, payment will not be allowed if the Rollover Instruction Status for the contract is Complete.

1. On the Home page, type **MCDPAMIN** in the text box, and click the next arrow.  
**Islamic Money Market Payment Input** screen is displayed.

**Figure 4-7 Islamic Money Market Payment Input**

**Islamic Money Market Payment Input**

Enter Query

Contract Reference Number \*

Syndication Reference Number

Counterparty

Counterparty Name

Status

Reject Reason

Outstanding Amount Currency

Outstanding Principal Amount

Outstanding Amount for Payment

Effective From

Date and Amounts for Population of Components Due

Value Date

Limit Date

Limit Amount

Local Currency Equivalent

Populate

Allocation of Amounts Paid

Net Amount Settled

Negative Amount Settled

Local Currency Equivalent

Total Pre-paid

Local Currency Equivalent

Allocate

Other Details

Liquidated Nominal

Local Currency Equivalent

Discount Rate

Sum

Settlement Instruction Pickup

Settlement Sequence Number

Settlement Instruction Desc.

Payment Breakup

| Component *         | Pay Receive | Amount Due | Overdue | Amount Paid | Interest Prepaid | Tax |
|---------------------|-------------|------------|---------|-------------|------------------|-----|
| No data to display. |             |            |         |             |                  |     |

Page 1 (0 of 0 items) |< < 1 > >|

Prepayment Penalty Rate

Penalty Amount

Adjustment Amount

Additional Adjustment Amount

Payment Remarks

Events Breakup Settlement Split Messages Charges Tax MIS Fields Audit Exit

- On the **Islamic Money Market Payment Input** screen, specify the details as required.

The following operations the manual payments function:

- Input of Manual payments
- Deletion of manual payments, and
- Reversal of manual payments

The manual payments made through this function are:

- Scheduled payments, which are due.
- Payments made before the scheduled payment date. (these are called prepayments, and they are made even if the deal is defined for automatic liquidation of components).
- Back value dated payments. The value date for such payments cannot be earlier than the most recent schedule that was due. If there is more than one schedule outstanding, and you want to assign the value date of each scheduled payment, you should enter the liquidation of each schedule separately.

The value date you have entered is used for all the entries generated by the system.

This topic has the following sub-topics:

- [Input of Manual Payments](#)
- [Pay Tax](#)
- [Settlements](#)
- [Delete Manual Payments](#)
- [Reverse Manual Payments](#)

## 4.8.1 Input of Manual Payments

This topic provides the overview to Manual Payments Inputs.

Once you enter the deal reference number in the Contract Schedule Payments, you will see the following details displayed on the screen:

- Counterparty Name
- The currency of the deal
- Status of the borrowing
- The total outstanding amount as of the value date (the date on which the payment are made) and the deal version

The Value Date here is the date on which the liquidation entries will be passed. When you enter a Value Date in this screen, if there are any payments due on that date, they are displayed, and you can liquidate them.

If there are no schedules due on that date, the schedule becomes a prepayment. But this is only if the Value Date is not a back valued date. You can have a back valued date, but it cannot be earlier than the last schedule that was due. (You can also liquidate back valued schedules by entering a Limit amount).

If the Value Date is today or a date in the future, the prepayment is processed.

The Payment Limit Date or Amount of the payment is given at the time of payment. If you have given a payment limit date, the system shows all the components, which are due until the limit date. If you have given the amount limit in the Amount field, it shows all the schedules for the limit amount.



### Note:

While the Prepayment Limit Date is used to pick up the schedules pending as of that date, the Value Date is taken into account by the system for passing accounting entries.

Alternatively, the system picks up a schedule according to the amount is paid. You will see the next schedule, which is due, within the limit of this amount. If the amount is paid is more than the total amount payable for the next schedule, the next schedule is considered. The total amount due to these schedules is displayed.

You have to enter the actual amount is paid in the Net Amount Settled field. If there are both positive and negative amount to be settled, then the net amount should be specified here. This amount can either be allocated to the various components manually, by entering the break up of the amount against the various components or automatically by clicking the Allocate button. The total negative amount settled is

displayed in Negative Amount Settled field. Partial payment of the negative amount is restricted. Backdated payment of interest amount is allowed till last payment date or amendment date, whichever date occurs later.

The automatic allocation is done based on the Liquidation order you have defined for the product. If you have not specified the order of liquidation for the principal and the interest type of components, the amount is allocated for liquidation in the following order:

- Penalty interest (if one has been applied)
- Interest
- Principal

 **Note:**

If a payment that covers both past and future schedules are made, the system will force you to pay out the past schedules before the future schedules are paid. If an ICCB component is based on the outstanding principal, you will not be able to make a payment where the amount is more than what is due for the component as of the system date.

In the Contract Schedule payment screen, you have a set of icons using which you can navigate to the following screens:

Settlements - Click to go to the Settlement Message Details screen

Tax - Click to see the Tax details screen

Advices - Click to see the Advices screen. You can suppress advices using this screen.

Breakup - Click to view the Schedule Breakup screen.

Events - Click to view the Events screen.

### Settlement Sequence Number

Choose a settlement instruction by specifying a settlement sequence number. You can skip this field if any default settlement instruction is provided.

 **Note:**

At the time of specifying settlement instructions, it is now possible to choose from multiple instructions that are maintained for the same branch, customer, currency, module and product combinations. You can choose any settlement instruction from a list of values. The list of values displays the Settlement Sequence Number and Settlement Instruction Description.

### Settlement Instruction Description

Specifies the description of the selected settlement instruction.

## 4.8.2 Pay Tax

When there are taxes charged on the interest, etc., the payment of the component will always include the corresponding tax amount. If the payment does not include the full amount due, the proportional tax amount is liquidated. You should input the total amount applied to the component. The system then calculates the corresponding tax amount (based on the tax rate) and distributes the amount paid between the component and the tax.

For example, if a customer owes USD 1000 in interest (tax inclusive), the tax rate is 10%, and he pays you USD 1000, the payment is automatically distributed into USD 909.09 (interest) and USD 90.91 (the tax component).

The customer will still owe you USD 90.91 in interest and USD 9.09 tax in tax. Total tax is always calculated on the full schedule. Therefore, if there is a rounding difference, it will be adjusted in the last liquidation.

In the above example, the tax component has come to USD 90.91 for that schedule. Suppose the total tax component is USD 273. If this is paid in three schedules the total will come to USD 272.73 ( $90.91 + 90.91 + 90.91 = 272.73$ ). During the last liquidation, the system will round off the total of such schedules for the tax to the nearest decimal point, i.e., USD 273.

## 4.8.3 Settlements

When the deal and the accounts for payment are in different currencies, you may enter the Foreign Exchange rate for conversion in the Settlements screen. If the customer account for a component were expressly not defined at the time of deal input, you would have to specify an account at the time of payment, through the Settlements screen.

The payment accounts can also be changed for the various components at the time of payment. The new payment accounts will only be used for that particular session of the manual payment function.

For instance, you have named an account A1 for a particular component at the time of deal input, but during manual payment, you wish to change it to A2. Once this particular payment is carried out, the system will show the default account as A1 for that component. A2 will be used only for the session that you have specified for manual payment.

In this screen,

- The currency (of the contract components) and the branch will be displayed
- You can change the payment account
- You can specify the exchange rate, if the settlement account currency is different from the contract currency

This topic has the following sub-topics:

- [Suppress Messages](#)
- [View the Schedule Breakup Details](#)

### 4.8.3.1 Suppress Messages

Settlement messages, defined for components that fall due, will be generated automatically when you execute the Settlement Generation function at the end of day. You can suppress the generation of the settlement message, defined for a component, by clearing the check-box in the **Gen Message** field in the **Contract Settlement Message Details** screen.

### 4.8.3.2 View the Schedule Breakup Details

1. On the **Schedule Payments** screen, click **Breakup**.  
**Schedule Breakup** screen is displayed.

**Figure 4-8 Schedule Breakup**

2. View the details as required.  
In this screen, paid schedules on account of this particular payment for which you are doing manual liquidation.  
For information on fields, refer to the below table.

**Table 4-7 Schedule Breakup - Field Description**

| Field              | Description                                                                                        |
|--------------------|----------------------------------------------------------------------------------------------------|
| <b>Component</b>   | The component getting paid is displayed.                                                           |
| <b>Due Date</b>    | The due date of the component liquidated is displayed.                                             |
| <b>Amount Due</b>  | The amount outstanding for the liquidated component is displayed here.                             |
| <b>Amount Paid</b> | You can see here the amount paid for the component as of the value date (the current system date). |

### 4.8.4 Delete Manual Payments

Payments made using the Manual payments function can be deleted before the payment is authorized.

All the entries passed during the payment will also be deleted. All the schedules will be restored to the original status. In short, the prepayment status of the deal will be restored.

From the Actions Menu, select Delete or click 'Exit' or 'Cancel' in the toolbar. You will be prompted to confirm the deletion. Once you confirm it, all the entries that have been saved but not authorized, will be deleted.

## 4.8.5 Reverse Manual Payments

You can reverse authorized manual payments. The system makes the following validations before reversing a payment:

The principal payment is reversed if the payment date is equal to, or later than, the last interest and commission schedule due date.

Interest payment is reversed only in the chronological order of its payment.

In the Contract view screen, to reverse a payment, you have to invoke the manual payments function and specify the Contract Reference Number. You have to enter the 'Amount Paid'. You have to click on Reverse in the Processing sub-menu of the Actions Menu.

If the payment involves accounts in different currencies, the conversion rates to be used for reversal will be picked up from the deal as specified during Contract Input.

If a new payment account specified for a component during input of the payment, the reversal is done to the new account. If the new account is in a currency different from that of the deal and a conversion rate was specified, the rate from the payments function is used for the reversal.

The reversal of payment may sometimes entail a change in the status of a borrowing. If the borrowing is set for automatic status change, this change will be made by the system automatically.

Automatic payments made by the Automatic Contract Update program is reversed through the manual payments function.

Reversal of payment will not be allowed if the Rollover Instruction Status of the contract is Complete.

### **Saving and Authorizing Manual Payments**

You have to save a manual payment after entering all the required details in the system. Click Save on the Toolbar or choose 'Save' from the Actions menu to save an account. On saving the transaction, the amount is validated against the product transaction limit, and the user input limit maintained in the system. The system displays an appropriate override/error message if the amount exceeds the allowed input limit. It also indicates the level of authorization required if the transaction the amount is more than the transaction limit maintained.

The system converts the contract amount using the standard mid-rate to the transaction limit currency and check against the transaction limit amount maintained for the product if the contract currency is different from the transaction limit currency.

The payment becomes effective only after authorization. To authorize, click Authorize on the Application toolbar.

You should enter the Reference number, the value date of the payment and the amount paid. The payment details displayed along with the overrides and authorization is sought. If you choose not to authorize the manual payment, the authorization screen is dismissed.

You cannot authorize a manual payment in the following cases:

- The contract has multilevel of authorization pending; the same is done using the Multilevel Authorization Detailed screen.
- The level of authorization is greater than or equal to N.
- The Nth or the final level of the user's authorization limit is less than the difference between amount financed and the sum of the limits of all the users involved in authorizing a transaction; this case holds good when the Cumulative field is checked in the Product Transaction Limits Maintenance screen
- The transaction amount is greater than the authorizer's authorization limit if the Cumulative field is unchecked in the Product Transaction Limits Maintenance screen.

# 5

## Make Profit Rate Changes

Any change to the terms of a Islamic Money Market deal, which affects its financial details and the accounting entries, can be made through the Value Dated Changes function of Oracle Banking Treasury Management. Through this function you can make changes to authorized deals on any day before the Maturity Date of the deal.

The changes to the terms of a deal, notified through this function, take effect on a date referred to as the 'Value Date'. That is why the changes brought about by this function are called Value Dated Changes. A Value Date could be:

A Value Date could be:

- Today
- A date in the future
- A date in the past

Using the Value Dated Changes function, you can make changes to the various components of a deal like the profit rate or amount. You can also change the Maturity Date and the Credit Line to which the deal is linked.

In addition to changing the values in certain fields, you can enter a value into a field, which was not used, when you captured the disbursement details. For example, you may not have specified a fee at the time of deal input. Using the Value Dated Changes function, you can specify the fee so that the fee entries are passed on the Value Date.

When you make a value dated change, only the accrual entries will be passed by the Value Dated Changes function. All the other accounting entries are passed by the Automatic Contract Update function.

The Value Date is the date on which the changes that are going to be defined will take effect. This can be a date earlier than today, today, or a date in the future.

If the value date is a date in the past, it should not be beyond the following dates for any component:

- Last payment date
- Last schedule date

Also, a value date in the future cannot be beyond the Maturity Date of the deal. If it has to be beyond the Maturity Date of the deal, you have to first postpone the Maturity Date of the deal so that your proposed future value date falls before the new maturity date. Only after this change is authorized can you fix a value date in the future for the deal.

The system defaults to today's date.

This topic has the following sub-topics:

- [Navigate to the Schedule Definition Screen](#)  
This topic describe the schedule definition screen navigation, maturity date change, make changes in the credit line and make changes in interest.
- [Settlement Details](#)

- [Delete Value Dated Changes](#)  
This topic describes how to delete the value dated changes for the deal.
- [Upload the Contracts for Amendment](#)  
This topic describes how to upload the contracts for amendment.
- [Authorization of Changes](#)

## 5.1 Navigate to the Schedule Definition Screen

This topic describe the schedule definition screen navigation, maturity date change, make changes in the credit line and make changes in interest.

The schedule changes, which have come about as a result of value-dated changes is done through the Value Dated Amendments screen. For example, if the schedule change comes about the following change in the maturity date, or the interest rate, you have to do this through this screen. Click Schedules on this screen.

This topic contains the following:

- [Change the Maturity Date](#)

### 5.1.1 Change the Maturity Date

Enter the new Maturity Date on the screen. When you change the Maturity Date of a deal:

- If you have advanced the Maturity Date, the schedules falling due after the new Maturity Date is redefined to the Maturity Date.
- If you have postponed the Maturity Date, the schedules that have not liquidated and which fall due before the new maturity Date is redefined to the new Maturity Date.

You have to authorize the change in Maturity Date, before you redefine the schedules as per your new requirements, through the Contract Schedules screen.

When you extend the Maturity Date of a deal, the time code of the credit line to which the deal is linked should be beyond the new Maturity Date. If not, the system will seek an override.

The new Maturity Date applies to the deal from the Value Date of the deal.

- [Make Changes in the Credit Line](#)
- [Make Changes in Profit](#)

#### 5.1.1.1 Make Changes in the Credit Line

When you make changes in the Credit Line, the Central Liability tracking for the deal is done against the new line. The Value Date and Maturity Date has taken into consideration during the time code calculation of the deal.

#### 5.1.1.2 Make Changes in Profit

If you want to make value dated changes in the profit rate, the rate code, the spread or the profit amount you have to invoke the Contract Profit, Charge and Fee screen of the

ICCF module through the Value Dated Changes screen. You can make value dated changes only to the following components in the Contract ICCF screen:

**Profit Rate**

Enter the new profit rate. However, you will not be able to:

- Change the profit rate if you have defined zero-interest for the deal
- Change the profit type

**Rate Code**

If a floating type of profit is defined, enter the new rate code.

**Spread**

Enter the new spread here.

**Profit Amount**

Enter the new profit amount.

**Acquired Profit**

If the deal initiated when it was input, the profit amount that has been accrued is entered here. The amount is taken into account by the system during the next liquidation cycle. You can make changes to the acquired profit through this screen.

**Waiver**

The attributes of an profit component are defined for a product is applied to a deal involving the product. If for some reason you do not want to apply the profit component for the deal you are processing; you can do so by checking this field. The profit is calculated, but it is applied on the deal.

note: For back valued changes in profit rate, the system will take corrective action. Accruals are redone till the last accrual date. Also, in case of a back valued change, the value date should not be beyond the last liquidation date.

## 5.2 Settlement Details

The settlement account details of each deal is displayed in the Settlement Instructions screen. Click on the contract for which you want to view the settlement details and it is displayed in the Settlement Instructions section. For each amount tag, the following settlement details are displayed:

- Settlement account
- Currency of the settlement account
- Settlement account branch
- Payable or Receivable
- Ordering Institution
- Ordering Customer
- Beneficiary Institution

- Ultimate Beneficiary

The settlement details for the latest event of the deal is displayed.

1. On the **Money Market Contract Input** screen, click **Settlement details**.  
**Settlement details** screen is displayed.

**Figure 5-1 Settlement Details**

The screenshot shows the 'Settlement Details' window. At the top, there are input fields for 'Contract Reference' and 'Component'. Below these are tabs for 'Account Details', 'Payment Details', 'Parties', 'Parties', and 'Other Details'. The 'Settlement Details' section is active, displaying a table with columns: Component, Currency, Debit or Credit, Account, Account Description, Account Branch, Account Currency, Netting Indicator, and Rate Code. The table is empty, with a message 'No data to display.' and pagination 'Page 1 (0 of 0 items)'. At the bottom right are 'Exit' and 'Save' buttons.

2. On the **Settlement Details** screen, click **Payment details**.  
**Settlement Details with Payment details** page is displayed.

**Figure 5-2 Settlement Details with Payment details**

The screenshot shows the 'Settlement Details' window with the 'Payment Details' tab selected. The 'Payment By' section has radio buttons for 'Instrument', 'Clearing', and 'Message'. The 'Details of Payment' section has four rows for 'Details of Payment 1' through '4', each with a text input and a document icon. The 'Banking Priority' and 'Transfer Type' (set to 'None') are also shown. The 'Instrument Details' section has 'Type' and 'Number' inputs. The 'Terms & Additional Conditions' section has six rows for 'Information 1' through '6', each with a text input and a document icon. The 'Details Of Charge' section has radio buttons for 'Beneficiary - All Charges', 'Remitter our Charges', and 'Remitter all Charges'. The 'Sender to Receiver Information' section has six rows for 'Information 1' through '6', each with a text input and a document icon. The 'Sender To Receiver Information For Cover' section has six rows for 'Information 1' through '6', each with a text input and a document icon. The 'Additional Reporting Details' section has six rows for 'Information 1' through '6', each with a text input and a document icon. At the bottom right are 'Exit' and 'Save' buttons.

3. On the **Payment Details** tab, specify the details as required.

## 5.3 Delete Value Dated Changes

This topic describes how to delete the value dated changes for the deal.

You can delete the value-dated changes that you have made on a deal provided:

- The change is yet to be authorized; and
- The change has not yet been affected (in case of a future value dated change)

All the value-dated changes are authorized before the End of Day operations begin.

All the future valued dated changes are applied by the automatic contract update program when the changes become due. If the value date of the change is earlier than or the same as today's date, the changes are applied immediately.

To delete value-dated changes, call the deal on which you have made value dated changes (that are still to be authorized) through the Value Dated Changes screen by entering the reference number. The details of the contract is displayed. Choose delete from the Application toolbar or click 'Exit' or 'Cancel' button on the toolbar. The value-dated changes are deleted.

## 5.4 Upload the Contracts for Amendment

This topic describes how to upload the contracts for amendment.

From an external system, you can upload contracts that require amendment in Oracle Banking Treasury Management. 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 is 'AMND'. If the action code is 'AMND', Oracle Banking Treasury Management will first check whether the contract exists in the system or not. If the contract does not exist in the system, an error message is displayed to notify that the contract is not amended.

The Reference Number provided by the external system has to same if it is a new contract or if it is an amendment to an existing contract.

When you upload a new contract, the Reference Number is displayed in the User Reference Number field for that contract. The User Reference Number is basis for checking whether the contract exists or not.

The upload for contract amendment will trigger the 'CAMD' event. The same event is triggered even when you amend the 'MM Contract Online' screen.

The fields amended for the Money Market module are as follows:

- Holiday Currency
- Move Forward
- Move Payment Schedules
- Move Revision Schedules
- Receivable tracking Parameters
- Liquidation – Auto/Manual
- Internal Remarks

- Demand Basis
- Schedule Details
- Settlement Details

The amendments of the following fields considered as a financial amendment:

- Currency
- Counterparty
- Amount
- Booking Date
- Value Date
- Cr/Dr Branch Code
- Cr/Dr Account Number
- Holiday Currency
- Commitment (Revolving/ Non- revolving)
- Maturity Type
- User Input Maturity Date
- Broker



**Note:**

In case the request is a financial amendment, then the contract is reversed and rebooked. If it is a non-financial amendment, then the normal amendment procedure is followed, and the version number is changed, each time the contract is amended.

In the case of financial amendment, Settlement Instructions requires special handling.



**Note:**

If the request received has settlement details, then the values sent as part of the upload should be uploaded. If Settlement Details are not sent, then the details corresponding to the parent contract is copied to the child contract (if they are not specified at the time of creation). If the request is a financial amendment, then the contract is reversed and rebooked. If it is a non-financial amendment, then the normal amendment procedure is followed, and the version number is changed each time the contract is amended.

However, if the SGEN message is already generated then financial amendment upload is not allowed.

## Reverse and Rebooking Contracts

While reversing and rebooking the parent contract details including the subsystems are copied to a new contract, and the parent is reversed, and the screen is in the new mode so that any details of the contract is changed. It is validated that no payment messages have been sent for the Reversed FCC ref no. A configurable override is displayed. If the payment messages are generated, then the Cancellation request messages (REVSWIFT) are generated. At the branch parameters maintenance, the option 'User Ref No in Messages' should be checked.

The user reference number and the external reference number of the parent contract number are copied to the new contract. Deletion of the new contract will delete the reversal of the parent contract and set the value of user ref number and external ref number in the parent contract from the child contract. Authorization of the new contract will authorize the parent contract. It will not be possible to delete or authorize the reversal of the parent contract reference number without deleting or authorizing the child.

You can maintain the type of confirmation in the MM Contract Confirmation screen. The option list displays all open and authorized MM contracts. The Confirmation message of the parent message is suppressed if the counterparty of the parent contract and the current contract are the same. In case the counterparty of the parent and child are the same, then in case the parent contract is confirmed, then the child will also be marked as confirmed. If the parent is not confirmed, then it is marked as confirmed, and the incoming confirmation is matched with the child contract.

## 5.5 Authorization of Changes

Authorize the value dated changes based on requirement, using the Authorize screen.

1. On the **Islamic Money Market Valued Dated Changes Input** screen, choose a contract entry and click **Authorize**.

**Authorization** screen is displayed.

**Figure 5-3 Authorization**

The screenshot shows the 'Authorization' screen with the following sections:

- Contract Reference:** MM5AIBTS23880501
- Event:** VAMI
- Event Date:** 2023-07-07 12:24:59
- Input By:** CYJOMY02
- Generate Messages:** ☒
- Rekey Fields:**
  - Currency:** MM/00/YYYY
  - Amount:** 10000
  - Value Date:** MM/DD/YYYY
  - Maturity Date:** MM/DD/YYYY
  - Authorize** button
- Change Log:**

| Field Description | Old Value | New Value |
|-------------------|-----------|-----------|
| Loan Principal    | 10000     | 10000     |

Page 1 of 1 (1 of 1 items)
- Overrides:**

| Confirmed           | Override Text | Checker Id | Auth Time | Status |
|---------------------|---------------|------------|-----------|--------|
| No data to display. |               |            |           |        |

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2. On the **Authorize** screen, specify the details as required.

3. Click **Ok** to authorize the contract or **Exit** if you do not want to authorize the contract.

If the contract involves a product for which some Re-key fields have been defined, the details of the contract is displayed after you input the values in those fields. If no Re-key fields have been defined, the details of the contract are displayed in the 'Authorization' screen.

All the overrides are given during the operation is displayed when the contract is being authorized.

If you are authorizing an amendment, the old values are replaced by the amended values, which is available for subsequent processing.

After the contract is authorized, the accounting entries passed during this stage is marked as authorized and advises, if specified for operations generated.

# 6

## Rolling Over a Deal

A rollover is a renewal of a deal. Instead of liquidating a deal on maturity, you can roll it over into a new deal. The outstanding principal of the old deal is rolled over with or without the profit outstanding on it. When a deal is rolled over (renewed), it is processed in the following manner:

- The original deal is liquidated
- A new deal is initiated

You can rollover a deal that you are processing provided it is allowed for the product the finance involves.

For a product with rollover defined, you can specify if deals involving the product should inherit:

- The attributes defined for the ICCF components (profit, charges and fees) from the product
- Those defined for the initial deal. This gains significance if you changed the attributes that the (initial) deal acquired from the product. The rolled over deal will acquire the changed attributes.

In addition, you have to specify the following for a product defined with rollover whether:

- It is to be rolled over along with outstanding profit
- The profit that has been accrued on a placement is to be considered a part of the 'utilized amount' for the purpose of risk tracking if you are rolling over a placement with profit
- Tax has to be applied on the rolled over deal
- The principal of the rolled over profit should be taxed

However, when processing a deal, you can change the attributes that the deal acquires from the product. At the time of processing the deal, you can indicate if a rollover is to be automatic or manual; the maturity type (fixed, call or notice); the maturity date for a fixed maturity deal; and the notice days. You should also indicate if:

- Only the outstanding principal is to be rolled over
- The outstanding principal is to be rolled over with profit
- If a special amount is to be rolled over. (If a part of the principal and profit from the old deal has been liquidated and only the outstanding principal with or without profit is rolled over, it is called a special amount)



### Note:

When a deal is rolled over, the new contract continues to have the reference number of the old deal.

This chapter contains the following sections:

- [Specify Rollover for a Product](#)  
This topic describes overview of rollover, mode of rollover, and impact of liquidation mode on rollover.
- [Rollover Details](#)  
This topic provides the instructions to capture the Rollover Details.
- [Specify Contract Rollover Details](#)  
This topic provides the instructions to capture the Contract Rollover Details.
- [Process of Rolled over MM Contract](#)  
This topic describes Rolled over MM Contract process.
- [Advices for a Rolled Over Deal](#)  
This topic describes the advices for a rolled over deal.
- [Authorize a Manual Rollover](#)  
This topic describes the authorize a manual rollover.

## 6.1 Specify Rollover for a Product

This topic describes overview of rollover, mode of rollover, and impact of liquidation mode on rollover.

When defining a product, you have to specify whether deals involving the product is rolled over. If rollover has been allowed for a product, all the deals involving the product can, by default, be rolled over.



### Note:

However, a deal involving such a product is rolled over only if it is not liquidated on its Maturity Date. Choose not to rollover a deal that involves a product with the rollover facility. You can indicate this when processing the deal.

This topic contains the following:

- [Mode of Rollover \(Manual or Automatic\)](#)
- [Impact of Liquidation Mode on Rollover](#)

### 6.1.1 Mode of Rollover (Manual or Automatic)

For a deal involving a product for which a rollover is allowed, you should specify the mode of rollover - automatic or manual - during processing.

### 6.1.2 Impact of Liquidation Mode on Rollover

The mode of liquidation of a deal (automatic or manual) has the following impacts while executing the rollover:

| Specification                                       | Treatment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Auto liquidation and auto rollover                  | <p>The old deal is liquidated and a new one initiated on the Maturity Date of the deal during the BOD (Beginning Of Day) run of the Automatic Contract Update function. If the Maturity Date falls on a holiday, then the liquidation and the rollover is processed as per your holiday handling specifications in the Branch Parameters screen. If you specified (in the Branch Parameters screen) that processing has to be done today (the last working day before the holiday) for automatic events right up to the day before the next working day, the schedule falling on the holiday is liquidated during end of day processing on the last working day before the holiday.</p> <p>If you specified that processing has to be done only up to the System Date (today), then only the events scheduled for today (the last working day before the holiday) is processed. The events falling on the holiday is processed on the immediate working day after the holiday, during the beginning of day processing</p> |
| Auto liquidation (of principal) and manual rollover | The old deal is liquidated automatically on the Maturity Date. If the deal has to be rolled over, the rollover instructions should be specified for the deal before the Maturity Date. If the contract has not been liquidated because of lack of funds in the repayment account, you can give rollover instructions even after the maturity date saying that the contract has to be rolled over as of the maturity date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Manual liquidation (of principal)                   | Rollover has to be manual. The deal will not be liquidated by the Auto Liquidation function. You can either liquidate it or specify that it has to be rolled over. This is specified at any time - before or after the Maturity Date of the deal, if the contract has not yet been liquidated.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

If you have defined that the deal be liquidated manually, you cannot roll it over automatically. When a deal is rolled over or renewed for the interest, charge or fee components, it can assume the following attributes:

- Those of the product involving the deal being rolled over, or
- Those of the old deal itself

Specify this at the time of deal processing (of the old deal).

## 6.2 Rollover Details

This topic provides the instructions to capture the Rollover Details.

1. On the **Product Preferences** screen, click **Rollover**.

**Rollover details** screen is displayed.

**Figure 6-1 Rollover details**

The screenshot shows a 'Rollover Details' window with a close button (X) in the top right. It contains several input fields and checkboxes. At the top, there are 'Product' and 'Product Description' fields. Below these, the 'Rollover' section has radio buttons for 'Auto' and 'Manual'. The 'ICCF Rollover' section has radio buttons for 'Product' and 'Contract'. Below that, there are fields for 'Rollover Method' (with a 'New Version' button), 'Rollover Mechanism', and 'Roll By' (set to 'Days'). On the right side, there are four checkboxes: 'Apply Tax', 'Rollover With Interest', 'Update Utilisation', and 'Deduct Tax on Rollover'. At the bottom right, there are 'Exit' and 'Save' buttons.

2. On the **Rollover details** screen, specify the details as required.
3. Click **Ok** to save the details or click **Exit** to close the screen.

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

**Table 6-1 Rollover details - Field Description**

| Field                   | Description                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mode of Rollover</b> | <p>For deals involving a product for which a rollover is allowed, you should specify the mode of rollover - automatic or manual - during processing.</p> <p>A deal is automatically rollover on the maturity date if 'Auto' is selected at the product level.</p> <p>If you choose 'Manual', on the maturity of a deal, you will need to indicate for rollover manually.</p> |

Table 6-1 (Cont.) Rollover details - Field Description

| Field                     | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>ICCB Rollover</b>      | <p>The Profit, charge and fee components of the new (rolled over) deal is picked up either from the old deal or from the product involving the old deal.</p> <p>Choose the option:</p> <ul style="list-style-type: none"> <li>Product if you want the system to pick up the components from the product involving the old deal.</li> <li>Contract if you want the system to pick up the components from the old deal.</li> </ul> <p>The following example illustrates this point:</p> <p>For example, when defining a placement product, you specified that all placements involving it would have profit schedules every month and a processing fee.</p> <p>Assume you have processed a placement involving this product, with the following attributes:</p> <ul style="list-style-type: none"> <li>Profit payment only on Maturity Date</li> <li>No fees</li> </ul> <p>When rolling over this placement, you have two options:</p> <p>You can indicate that the Profit and fee details specified for the product are to be applied to the new (rolled over) placement. In such a case, the new placement will have profit payment schedules every month and a processing fee.</p> <p>You can specify that the profit and fee details defined for the placement being rolled over (old placement), be made applicable to the new one. In this case, the new placement will have only one profit payment schedule on Maturity Date and will have no fee.</p> <p>In addition, you have to specify the following details for a product for which rollovers are permitted:</p> |
| <b>Update Utilization</b> | <p>Whether the credit limit utilization is to be updated when a placement is rolled over, that is, the profit that has been accrued on placement is also considered as a part of the 'utilized amount' for the purpose of risk tracking. The following example illustrates how this concept works.</p> <p>This option applies only if you want to roll over a deal with Profit.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Apply Tax</b>          | <p>For tax to be applicable on a rolled over deal:</p> <ul style="list-style-type: none"> <li>It should be applicable to the product involving the deal should not have been waived for the old deal</li> </ul> <p>You should indicate whether tax has to be applied on the rolled over deal.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

Table 6-1 (Cont.) Rollover details - Field Description

| Field                         | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Rollover with Profit</b>   | <p>You have to specify whether the deal that you are rolling over should be rolled over along with the outstanding profit. If you so specify, the principal of the new deal is the sum of the outstanding principal and the outstanding profit on the old deal. This applies only to deals with a bearing (add-on) method of profit liquidation.</p> <p>If all the outstanding profit is paid out, then the deal is renewed without the profit. If not, it is rolled over with the profit that is still outstanding on it.</p> <p>A deal is rolled over with only the main profit that is outstanding. The main profit is that profit component which you specify as the 'main profit' in the ICCB Product Details screen (this is displayed in the Contract Main screen). Other profit components and the penalty profit if any will not be rolled over.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Deduct Tax on Rollover</b> | <p>When a deal is initiated, tax is applied to the principal of the deal. Now, when this deal is rolled over or renewed, you have two choices (depending on the tax laws of your Government):</p> <p>Apply tax on the principal, (outstanding principal + outstanding profit or only the outstanding principal depending on your specifications), of the new deal, or,</p> <p>Since the principal of the old deal has already been taxed once, you can choose to waive the tax on the principal of the rolled over deal. However, if this principle has the outstanding profit from the old deal incorporated, then only this portion is taxed.</p> <p>This option applies only to tax on the principal and not to tax on profit. This field assumes importance, only if:</p> <ul style="list-style-type: none"> <li>• Tax (for the principal as well as profit) has not been waived on the old deal</li> <li>• The tax has not been waived on the rolled over deal</li> </ul> <p>If this tax is not waived for the old deal, it is applied on the new deal; if it is waived on the old deal, it will not be applied on the renewed deal.</p> <p>Specify Deduct Tax on Rollover, if the tax on the old deal has to be liquidated before it is rolled over.</p> <div style="background-color: #e6f2ff; padding: 10px; margin-top: 10px;"> <p> <b>Note:</b></p> <p>If Rollover is of type P (Principle), P+I (Principle + Profit) and P+I-T (Principal + Profit - Tax), the tag 32H in MT 320 is populated with a value 0 (Zero).</p> </div> <p>If Rollover Type is Special Amt the tag 32H is populated with difference in Principal+/- Profit liquidated in the same cash flow.</p> |

Table 6-1 (Cont.) Rollover details - Field Description

| Field                     | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Roll By</b>            | <p>Indicate the tenor basis upon which the maturity days specified for the rolled-over contract is reckoned. The options are Days, Months, Quarters, Semi-annuals and Years.</p> <p>If you specify the 'days' maturity basis, and do not specify the maturity days, the system 'rounds' the tenor of the original contract to the nearest maturity days basis. The rounded tenor is considered as the new tenor of the rolled-over contract.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Rollover Mechanism</b> | <p>This indicates whether rolling over a contract using the product must create a new version of the existing contract, a new contract or a chills contract that is linked to the parent contract. You can choose from the following options:</p> <ul style="list-style-type: none"> <li>• <b>New Version</b> - A new version will get created in existing MM deal as part of a rollover, with the same details specified in the contract 'Rollover Details' screen.</li> <li>• <b>Spawn Contract</b> - In this mechanism, the existing contract will get liquidated, and the system will book a new contract as part of a rollover, with the details specified in the contract 'Rollover Details' screen. Booking of the new contract happens through the MMAUTDLY batch.</li> <li>• <b>Linked Contract</b> - In this mechanism, a new MM deal is created manually and linked to the parent deal. On the maturity date of the parent contract, the contract will get liquidated into a rollover wash GL, and the new contract that was input will get initiated automatically.</li> </ul> <p>You can select 'Linked Contract' only in case you have checked the option 'Auto' for rollover.</p> |
| <b>Rollover Method</b>    | <p>If you have indicated the rollover mechanism applicable for contracts using the product in the Rollover Mechanism field as 'Spawn Contract', use this field to indicate whether a single new contract must be created for the rolled over amount, or whether the original contract must be split into multiple contracts, or consolidated with other contracts into a single new contract, when rolled over using the rollover operation. Accordingly, select any of the options, 'Normal', 'Split' or 'Consolidated', in this field, as applicable.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

## 6.3 Specify Contract Rollover Details

This topic provides the instructions to capture the Contract Rollover Details.

By default, a contract marked for rollover is rolled over with all the terms of the original contract. However, change certain terms by specifying them in the Rollover tab of the **Islamic Money Market Contract input** screen.

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

**Islamic Money Market Contract Input** screen is displayed.

**Figure 6-2 Islamic Money Market Contract Input - Rollover tab**

**Islamic Money Market Contract Input**

New Enter Query

Product Code \*

Product Description

Source

Dealer

Broker

Version Number  Of

Contract Reference Number \*

User Reference Number

External Reference Number

Reversal Reference Number

Outstanding Amount

Reject Reason

Contract Schedules Rollover Preferences

**Rollover Amounts**

Rollover Amount

Additional Amount

Special Amount

Treat Special Amount As ☐ Rollover Amount ☐ Liquidation Amount ☐ Maximum Rollover Amount ☐ Ignore

Daily Refinance Rate

**Preferences**

Apply charge on Rollover Amount ☐

New Components Allowed ☐

Liquidate Overdue Schedules ☐

Apply Tax on Rollover Amount ☐

Update Limits Utilization ☐

**Rollover**

Rollover Count

Rollover Details ☐

Parent Reference

Child Reference

Rollover Status

Settlement Amount

**Maturity**

Roll By

Method

Mechanism

Mode ☒ Auto ☐ Manual

ICCF Rollover ☒ Product ☐ Contract

Schedule Basis ☒ Product ☐ Contract ☐ Special

Maturity Days

Maturity Date

Maturity Type ☒ Fixed ☐ Notice ☐ Call

Notice Days

> Profit Basis

> Schedule Basis

Holiday Currency Events Brokerage Effective Profit Rate Change Log Revision Details Settlement Messages Profit Charges Tax MIS > Audit Exit

2. On the **Islamic Money Market Contract Input** screen, click **Rollover**.
3. Click **Save** to save the details or click **Cancel** to exit the screen.

The rollover specified for the product will get defaulted to the deal. The rollover parameters are explained in detail in the section Features of the product rollover details screen.

For information on fields, refer to the below table.

Table 6-2 Islamic Money Market Contract Input - Field Description

| Field                          | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Rollover Amount</b>         | <p>When you roll over a deal, you can rollover:</p> <ul style="list-style-type: none"> <li>• The outstanding principal of the deal</li> <li>• The outstanding principal and the outstanding profit together</li> <li>• The outstanding principal and the outstanding profit minus the tax.</li> <li>• The outstanding principal and the additional amount</li> <li>• The outstanding principal+ profit+ Additional amount or,</li> <li>• An amount that is different from the total of the outstanding principal and the outstanding profit. This is a 'special' amount.</li> </ul> <p>The 'special' amount is:</p> <ul style="list-style-type: none"> <li>• Less than the outstanding principal + profit. This is because the amount by which it is less is liquidated against the profit and principal of the old deal and the rest is rolled over.</li> <li>• The special amount can never be more than:</li> <li>• The outstanding principal + profit of the old deal. The outstanding principal</li> </ul> <p>If it is, then initiate a new deal.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Additional Amount</b>       | <p>This is the field mutually exclusive with the Special Amount, you can specify the amount based on the requirement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Treat Special Amount As</b> | <p>If you specified that the principal of the new money market deal is meant to be a special amount you also have to indicate the manner in which the special amount is to be treated. You can choose any one of the following options:</p> <ul style="list-style-type: none"> <li>• Rollover Amount - If the outstanding amount is 20,000 and the special amount is given as 25,000, the additional 5000 will get added to the money market deal. If the outstanding amount is 30,000 and the special amount is given as 25,000, the additional 5000 will get liquidated. The Outstanding Amount is the sum of all the components put together.</li> <li>• Liquidation Amount - If the outstanding amount is 20,000 and the special amount is given as 25,000, you will not be allowed to rollover. If the outstanding amount is 30,000 and the special amount is given as 5,000, the additional 5000 will get liquidated. Note that the individual components are liquidated in the liquidation order.</li> <li>• Maximum Rollover Amount - If the outstanding amount is 20,000 and the special amount is given as 25,000 you can rollover the entire outstanding amount. If the outstanding amount is 30,000 and the special amount is given as 25,000 only 25,000 is rollover and the remaining 5000 is liquidated.</li> <li>• Ignore</li> </ul> <p>The amount that is rolled-over will depend on the treatment that you specify. You can choose not to treat the special amount in a specific manner by choosing to ignore this option.</p> |

Table 6-2 (Cont.) Islamic Money Market Contract Input - Field Description

| Field                     | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parent Reference</b>   | <p>In the linked rollover scenario, Parent Reference Number indicates the parent deal for which the child deal is booked. While booking a new child deal, you need to specify the parent deals contract reference number or select the appropriate one from the adjoining option list. Choose a parent deal that satisfies the following conditions:</p> <ul style="list-style-type: none"><li>• Product code is the same as that of the child deal.</li><li>• Counterparty is the same as that of the child deal.</li><li>• Currency is the same as that of the child deal.</li><li>• Maturity Date is the same as the value date of the child deal.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Child Reference</b>    | <p>In the linked rollover scenario, this field is displayed when the rollover of the parent deal is triggered.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Settlement Amount</b>  | <p>This field displays the total settlement amount.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Count</b>              | <p>For a deal that has been rolled over, this field indicates the number of times it has been rolled over.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Rollover Mechanism</b> | <p>This indicates whether the rolled over contract will create a new version of the existing contract, a new contract or a child contract that is linked to the parent contract. You can choose from the following options:</p> <p>New Version - A new version will get created in existing MM deal as part of rollover, with the same details specified in the contract 'Rollover Details' screen.</p> <p>Spawn Contract - In this mechanism, the existing contract will get liquidated and the system will book a new contract as part of rollover, with the details specified in the contract 'Rollover Details' screen. Booking of the new contract happen through the <b>MMAUTDLY</b> batch.</p> <p>Linked Contract - In this mechanism, a new MM deal is created manually and linked to the parent deal. On the maturity date of the parent contract, the contract will get liquidated into a rollover wash GL, and the new contract that was input will get initiated automatically.</p> <p>You can select 'Linked Contract' only in case you have checked the option 'Auto' for rollover mode.</p> |
| <b>Rollover Method</b>    | <p>If you have indicated the rollover mechanism as 'Spawn Contract', use this field to indicate whether a single new contract must be created for the rolled over amount, or if the original contract must be split into multiple contracts, or consolidated with other contracts into a single new contract, when rolled over using the rollover operation. Accordingly, select any of the options, 'Normal', 'Split' or 'Consolidated', in this field, as applicable.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

This topic has the following sub-topics:

- [Roll over a Contract Manually](#)
- [Specify the Maturity Details](#)

## 6.3.1 Roll over a Contract Manually

You can Rollover a deal manually through Money market Online screen. If you click **Rollover**, system displays the Rollover page and Rollover Preference can be given at the time of Rollover. If a deal has to be rolled over, the below conditions are to be met:

- The latest activity on the deal has to be authorized.
- It should be past or on its Maturity date; and
- It should not have been liquidated

Two activities take place when a deal is rolled over:

- The original deal is liquidated and
- A new deal is initiated

The External Reference Number of the renewed (or rolled over) deal is same as that of the old deal. However if the rollover operation is from an external system via gateway a different external reference number can be passed in the request which will get picked in the renewed contract. The settlement amount and the child reference number is displayed when the rollover of the parent deal is triggered This section contains the following topics:

This topic contains the following sub-topics:

## 6.3.2 Specify the Maturity Details

The Maturity Type, which you have specified for the old deal, will apply to the deal being rolled over, by default. However, you can change the Maturity Type through this screen. If the maturity type is to be changed, you have to specify the new Maturity Type for the rolled over or renewed deal. It could be:

| Maturity Type | Details                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fixed         | This type of deal has a fixed Maturity Date. For a deal with a fixed maturity date, you enter the changed date on which the deal needs to be liquidated.                                                                                                                                                                                                                                         |
| Call          | The Maturity Date is not fixed. The deal is liquidated anytime.                                                                                                                                                                                                                                                                                                                                  |
| Notice        | The deal is liquidated at a certain period of notice. The number of days of notice should be specified in this screen. This is only for information purposes. Whenever a report is generated on a notice type of deal, the notice days is mentioned on it. For a deal with notice type of maturity, you have to enter the Maturity Date once the notice is issued to the counterparty (customer) |

For a deal maturing at notice, enter the notice period (in days) in this field. This is only for information purposes. Whenever a report is generated on a notice type of deal, the notice days is mentioned on it. For a deal with notice type of maturity, you have to enter the Maturity Date once the notice is issued to the counterparty (customer).

## 6.4 Process of Rolled over MM Contract

This topic describes Rolled over MM Contract process.

In the case of contract roll-over, you can create a new child contract and link it to the parent contract. In such cases, on saving the child contract, the system triggers the BOOK event on the child contract and the RAMD event on the parent. As a result, the instruction status of the child contract gets updated as 'Complete'. During the linkage between child and parent, the system will update the special amount field of the parent contract with the contract amount of the child contract.

When a child contract is reversed without the linked parent being rolled over, the system will trigger the RAMC event on the parent, and the Rollover Instruction Status is updated as 'Incomplete'. Rollover of a contract is allowed only if the Rollover Instruction Status is 'Complete'.

If the parent contract has already been rolled over and the child contract has been reversed, then the system will trigger the REVC event on the child contract. As a result, the child contract is reversed successfully. However, since the parent contract has been rolled over, it will not be impacted by the reversal of the child contract.

You can view details of the ROLL event in the 'Payments' screen where you can manually reverse the contract. This will, in turn, trigger the REVP event, which will update the Rollover Instruction Status of the contract as 'Incomplete'.



### Note:

A rollover child cannot be linked to a parent contract for which the Rollover Instruction Status is 'Complete. Amendment and reversal of a parent contract will not be allowed if the Rollover Instruction Status of the contract is 'Complete'.

If the amount on the child contract is less than that of the parent contract for a placement contract, then the difference in the amounts is credited to the customer account, and a received notice is sent to the customer indicating the same for parent contract. If the amount on the child contract is greater than that of the parent contract for a placement contract, then the difference in the amounts is debited from the customer account, and a payment message is sent to the customer indicating the same for the child contract.

In the MM confirmation message, field 23 of the message is populated as 'ROLL' for the Child Contract.

## 6.5 Advices for a Rolled Over Deal

This topic describes the advices for a rolled over deal.

In the Product Events Definition screen, you define the events for which advices are to be generated, for deals involving a product. Any advice is generated when a deal is rolled over if so specified for the product the deal involves. Generation of advices upon rollover, if specified, is as follows:

- When the deal is rolled over with interest (that is, the entire outstanding amount in the original deal is rolled over without any component of the original deal being liquidated) the liquidation advice for the original deal will not be generated. Instead, rollover advice, with the details of the liquidation of the original deal and its subsequent rollover into a new deal, is generated.
- When the deal is rolled with an amount that is not the entire outstanding amount in the original deal, the liquidation advice(s) for the original deal is generated along with the rollover advice

## 6.6 Authorize a Manual Rollover

This topic describes the authorize a manual rollover.

The operations on a deal like input; modification, manual liquidation and manual rollover have to be authorized by a user other than the one who operated. All the deals should be authorized before you can begin the end of day operations.

When a deal is rolled over manually, you have to do the following two authorizations:

- Liquidation of the original deal
- Initiation of the new deal

When you call such a deal for authorization, the details of the liquidation of the original deal is displayed.

# 7

## Automatic Processing

While discussing the various events in the life cycle of a deal, we have referred to the Automatic Contract Update function that carries out these events. In this chapter, we shall discuss the features of this function.

The Automatic Contract Update function should be executed at least twice during the day, once before you begin transaction related activities for the day (that is, as a part of the beginning of day activities) and once after you have finished all the transaction related activities for the day.

If any transaction related activities are carried out after the function has been run as part of End-of-Day (EOD) activities, you have to execute it again so that the processing that may be necessitated by the transaction related activity is carried out.

- [Automatic Events in the Lifecycle of a Deal](#)  
This topic describes the Automatic Events that takes place in Beginning-of Day and End of day.
- [Specify the Branch Parameters](#)  
This topic provides the instructions to capture the Branch Parameter Details.
- [Initiate the Automatic Contract Update Function](#)  
This topic describes how to initiate the Automatic Contract Update function.
- [Initiate a Future Value Dated Deal](#)  
This topic describes the future value dated deal.
- [Process an Automatic Repayment](#)  
This topic describes the process of an automatic repayment.
- [Automatic Rollover of a Deal](#)  
This topic describes the automatic rollover a deal.
- [Accrual of ICCF Components](#)  
This topic describes the definition of accruals for the accruable ICCF components
- [Profit Rate Revision on a Deal](#)  
This topic describes the profit rate revision on a deal.
- [Value Dated Changes](#)  
This topic describes the value dated changes and advices generated for value dated changes.
- [Triggering the Year-end Batch Process for Collecting Contract-Wise Data](#)  
This topic describes the batch process for Collecting Contract-Wise Data.
- [Commodity Upload](#)  
This topic describes the commodity upload option.

### 7.1 Automatic Events in the Lifecycle of a Deal

This topic describes the Automatic Events that takes place in Beginning-of Day and End of day.

The following are the various events in the life cycle of a deal carried out automatically. Group them into automatic events that take place Beginning-of Day (BOD) and those that take place End of day (EOD).

This topic contains the following subtopics:

- [Begin of Day Processes](#)
- [End of Day Processes](#)

## 7.1.1 Begin of Day Processes

Below are the processes:

- Initiation of a deal with a Value Date in the future
- Application of the appropriate interest rates for deals with Floating Interest
- Application of rate changes with a Value Date in the future
- Liquidation of a scheduled repayment (interim or at maturity)
- Rollover of a deal
- Change of deal status as part of the aging analysis process
- Automatic events falling on a holiday and scheduled to take place on the day after the holiday

## 7.1.2 End of Day Processes

Below are the processes:

- Periodic accrual of ICCB components
- Generation of reports
- Automatic events falling on a holiday and scheduled to take place on the day before the next working day.

You would have noticed that some activities carried out, automatically would be done so only on specific instruction from you. The following are such activities:

- Liquidation of a scheduled repayment
- Rollover of a deal

## 7.2 Specify the Branch Parameters

This topic provides the instructions to capture the Branch Parameter Details.

A set of rules that govern the deals that a particular branch (of your bank) enters into are defined through the Branch Parameters screen.

1. On the **Money Market Branch Parameter** screen, specify the fields.  
**Branch Parameters** screen is displayed.

**Figure 7-1 Branch Parameters**

2. Click **Ok** to save the details or **Exit** to close the screen.

For information on fields, refer to the below table.

**Table 7-1 Branch Parameters Field Description**

| Field                       | Description                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Branch Code</b>          | Specify the Branch code here.                                                                                                                                                                                                                                                                                                                                       |
| <b>Branch Name</b>          | Specify the branch name in this field.                                                                                                                                                                                                                                                                                                                              |
| <b>System Date</b>          | If you specify that processing of automatic events should be done upto the System Date, automatic events scheduled till (inclusive of) the current system date is processed.                                                                                                                                                                                        |
| <b>Next working day - 1</b> | Indicate whether events should be processed until the day before the next working day when the Automatic Batch Update function is run. If you do so, all the events that fall on days between the current system date and the next working date is processed.                                                                                                       |
| <b>Tax basis</b>            | <p>On a deal, you may have to pay tax to the Government on the interest earned. The tax are paid on the basis of the following:</p> <ul style="list-style-type: none"> <li>On the liquidated amount</li> <li>On the scheduled amount</li> </ul> <p>For your branch, you can specify the amount on which tax has to be applied, in the Branch Parameters screen.</p> |

Table 7-1 (Cont.) Branch Parameters Field Description

| Field                                               | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Accrual level</b>                                | <p>To recall, at the time of creating a product, you specify:</p> <ul style="list-style-type: none"> <li>Whether accrual of interest is allowed for the product</li> <li>The accounting entries that should be passed for the accrual event</li> <li>The frequency at which the accrual entries should be passed</li> </ul> <p>An MM deal will inherit the accrual frequency defined for the product associated with it. Since the accounts (the accrual account and the income account) are defined for a product, the accrual entries for all deals involving the product is passed to the same accounts. These entries are passed in two ways:</p> <ul style="list-style-type: none"> <li>An entry for each deal. The same accrual and income account is involved for each entry, with the Reference Number of the deal indicated for each deal.</li> <li>A single consolidated entry for all deals involving a product. Since the same accrual and income account is involved in all accrual entries, a single consolidated entry is passed, with a unique reference number generated for each product.</li> </ul> <p>The idea of generating a single entry for all deals involving a product is to reduce the number of entries and thus, the processing time. The details of entries passed for each deal is available in the Accrual Control Journal, a report that should be generated after the accruals have been made. Whether interest accrual entries are passed as a single consolidated entry for a product, or as an individual entry for each deal, should be specified for a branch.</p> <div>  <b>Note:</b> <p>This specification is applicable only for automatic periodic accrual entries. When there is an accrual necessitated by a payment or a change in the terms of a deal, the entries is for the specific deals affected by the change.</p> </div> |
| <b>Settlement Message At Manual Liquidation</b>     | <p>For all the contracts that are marked for manual liquidation, you can specify whether you want to generate settlement messages. To do this you need to check the 'Settlement Msg at Manual Liquidation' box. Settlement messages is generated for all the contracts with manual liquidation according to the parameters you have specified in the Money Market Branch Parameters screen. These messages are generated on the settlement message days prior to the date of repayment of the contract. Each account that is affected by the payment will receive a settlement message.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Annual Percentage Yield Calculation Required</b> | <p>Oracle Banking Treasury Management allows you to calculate the Annual Percentage Yield so as to enable your customer to compare interest rates offered by different banks. To do this, you need to check the 'Annual Percentage Yield Calculation Required' box. For a contract, Annual Percentage Yield is calculated during take-down, or during Value Dated amendments or contract amendments resulting in change of cash flows (change of schedule) only if this parameter has been enabled at the Branch as well as the Product level. The rates would also be re-calculated whenever there is either liquidation (partial, prepayment or full liquidation) or rollover.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

Table 7-1 (Cont.) Branch Parameters Field Description

| Field                                    | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>User Reference Number in Messages</b> | If this option is checked then the user reference number is used instead of the contract reference number in the following messages.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>SWIFT</b>                             | <p><b>Field22A</b> - If the event is BOOK and the parent FCC ref no is not null and the counterparty of the parent and child contracts are same, then type of operation is set as 'AMND' and Field 21 is populated as the user reference number of the contract. This is applicable to both MT320 and MT330</p> <p><b>Field21</b> - In case of reversed Contract, if the confirmation (for CANC) is not suppressed then the user reference no is picked up from the child contract and populated.</p> <p><b>Field34E</b> - The currency and interest amount is populated as (Sign) (Currency) (Amount). The net amount considering both main interest component and negative component is displayed here. This is applicable to both MT320 and MT330</p> <p><b>Field37G</b> - In this field the interest rate is in the format (Sing) (Rate). Interest rate is picked up based on active component from main interest /negative interest components. This is applicable to both MT320 and MT330</p> |
| <b>Mail</b>                              | <p><b>User ref no</b> - In case of reversed Contract, if the confirmation (for CANC) is not suppressed then the user reference no is picked up from the child contract and populated.</p> <p><b>Event text</b> - If the event is BOOK and the Reversed FCC ref no is not null and the counterparty of the parent contract and child are the same then type of operation is set as 'AMND'.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

## 7.3 Initiate the Automatic Contract Update Function

This topic describes how to inquire the Automatic Contract Update function.

Inquire the Automatic Contract Update function from the Application Browser. For any event involving accounts in a foreign currency, this function will use the conversion rate in the Currency table for converting the amount to local currency.



### Note:

Ensure that you update the conversion rates in the Currency table with the rates for the day before you execute the Automatic Contract Update function.

This topic contains the following:

- [Process During Beginning of Day](#)
- [Process During End of Day](#)
- [Process for Holidays](#)

### 7.3.1 Process During Beginning of Day

All the automatic events scheduled for the day, except the accrual of ICCF components, is carried out when the Automatic Contract Update function is executed during the beginning of day operations.

In addition, all the activities scheduled for the holidays is carried out if the current system date follows a holiday(s) and you have specified that events falling on holidays should be processed on the immediate working day succeeding the holiday.

### 7.3.2 Process During End of Day

When the function is executed during the end of day activities, the processing is carried out for:

- Accrual of ICCF components scheduled for the day;
- Any Value Dated change (additional disbursements, change in interest rates, etc.) that were done during the day with a Value Date as the current system date; and
- Activities scheduled for holidays (if the current system date is preceded by holiday(s) and you have specified that activities falling on holidays should be processed on the last working day preceding a holiday).

If an event scheduled to be automatically carried out is not executed for some reason, it is reported in the Exception Report generated by the function. Examples of such events could be the non-availability of funds in a payment account, non-availability of funds in a commitment or a deposit to which a deal is linked, etc. The details of an event that could not be initiated, along with the reason, is reported in the Exception Report.

### 7.3.3 Process for Holidays

Any automatic event that is scheduled for a holiday is processed as per your specifications in the Branch Parameters table:

- If you have specified that processing has to be done on the last working day (before a holiday) for automatic events that fall due on holidays, the events falling on the holiday is processed during end of day on the last working day before the holiday.
- If you have specified that processing has to be done only up to the System Date (today), then only the events scheduled for the system date (the last working day before the holiday) is processed. The events that fall due on the holiday is processed on the working day immediately following the holiday, during beginning of day processing

## 7.4 Initiate a Future Value Dated Deal

This topic describes the future value dates deal.

A 'future dated' deal is one that has a Value Date that is later than the date on which it is booked. The Automatic Contract Update function will initiate the deal on the Value Date of the deal during BOD processing.

If there were holiday(s) preceding today, future dated deals that were dated for the holiday(s) will also be initiated if you have specified that events falling on a holiday should be processed on the next working day.

All the initiation related entries specified for the product, that the deal involves, is passed automatically. If currency conversions are involved, the conversion rates as of today is picked up from the Currency Table.

If for some reason, a deal scheduled for initiation today is not initiated, it is reported in the Exception Report generated during EOD processing.

For a future dated deal falling due today, if there is also a rate change today, the interest amounts are also recalculated for the schedules.

## 7.5 Process an Automatic Repayment

This topic describes the process of an automatic repayment.

For deals that are defined with automatic liquidation of repayments, the liquidation is carried out by the Automatic Contract Update function. It could be an interim repayment schedule liquidation or a maturity schedule liquidation. The schedule, whether an interim schedule or a maturity schedule, is automatically liquidated on the day it falls due, during the beginning of day processing.

Now, if you have indicated automatic liquidation, the scheduled date falls on a holiday, and you have specified that the holiday is ignored (through the Contract Preferences screen), the liquidation falling due on holiday, would depend on your holiday handling specifications in the Branch Parameters screen:

- If you specify that processing has to be done today (the last working day before the holiday) for automatic events right up to the day before the next working day the schedule is falling on the holiday is liquidated during the end of day processing on the last working day before the holiday.
- If you specify that processing has to be done only up to the System Date (today), then only the events scheduled for today (the last working day before the holiday) is processed. The events falling on the holiday is processed on a working day immediately following the holiday, during the beginning of day processing.

If a placement has been defined for verification of funds before automatic liquidation, the components whose for which the schedule dates fall on the same day is liquidated in the order that you specified while defining the product. If the funds are insufficient, the liquidation is done to the extent of the available balance in the repayment account, again, following the order of liquidation of components specified by you. If this is so, it is reported in the Exception Report generated at the end of every day, automatically (by the Automatic Contract Update function).

If you have not specified that the funds are to be verified, and the funds are insufficient:

- The repayment account is put into a debit balance if an overdraft is allowed, and the schedules for the components is liquidated to the extent of the debit balance allowed. If it crosses the extent of debit balance allowed, the liquidation is done with an overdraft override that is automatically recorded. The debit interest that is applicable to the account (current or savings) is applied.
- If the repayment account has not been defined with the overdraft, the liquidation will not be processed.

The liquidation order is helpful when you want to liquidate the dues in a certain order: say interest (or interest type of components) first and then the principal. If the deal has been defined with Floating interest, and an interest revision falls due today, the revised rate is applied before the repayment is processed.

### Advices Generated for a Repayment

Advices are generated by the Automatic Contract Update function during beginning of day processing. While defining a product you may have specified that an advice is to be generated to intimate the customer every time a payment has been liquidated. This will apply to all deals involving the product (refer chapter on product definition). However, for a particular deal, you can suppress this advice. If a repayment advice has been specified for a deal, it is generated by the Automatic Contract Update function when you run it at the beginning of day.

## 7.6 Automatic Rollover of a Deal

This topic describes the automatic rollover a deal.

This topic contains the following subtopics:

A Rollover is renewal of a deal. For a deal to be rolled over it:

- Should be past its Maturity Date
- Should not have been liquidated

If you have specified automatic liquidation and automatic rollover for a deal, the old deal is liquidated and a new one initiated on the Maturity Date of the deal during the BOD (Beginning of Day) run of the Automatic Contract Update function.

If the Maturity Date falls on a holiday, then the liquidation and the rollover is processed as per your holiday handling specifications in the Branch Parameters screen.

If you specified that processing has to be done today (the last working day before the holiday) for automatic events right up to the day before the next working day, the schedule falling on the holiday is liquidated during end of day processing on the last working day before the holiday.

If you have specified that processing has to be done only up to the System Date (today), then only the events scheduled for today (the last working day before the holiday) is processed. The events of the holiday is processed on the next working day after the holiday, during beginning of day processing.

If you have defined that the deal be liquidated manually, you cannot roll it over automatically.

When a deal is rolled over or renewed for the interest, commission, charge or fee components, it can assume the following attributes:

- Those of the product involving the deal being rolled over
- Those of the original deal itself

Specify this at the time of deal processing (of the old deal).

- [Advices for Rollover](#)
- [Automatic Status Changes](#)
- [Forward Status Change](#)

- [Advices to be Generated for a Status Change](#)

## 7.6.1 Advices for Rollover

When creating a product, you can opt to generate an advice that you would intimate your customer that a deal (involving her) has been rolled over or renewed. This specification will apply to all deals involving the product (refer chapter on product definition).

However, for a particular deal, you can suppress this advice. If an advice for renewal of the deal has been specified, it is generated during BOD processing.

## 7.6.2 Automatic Status Changes

A placement that is yet to reach a repayment date, or on which repayments are being made regularly, is considered as having a 'Active' status. When a repayment is not done on the schedule date, you may want to do aging analysis for the placement.

If you have specified status and indicate that they be changed automatically, then the status change is done during BOD processing on the day the aging is due.

You can do aging analysis by changing the status of a placement on which payment(s) are defaulted. At any time, you can generate reports of deals, with details of aging, to facilitate the follow up process for repayment.

**Active** - This is when repayments on a placement are done as per schedule.

**Past Due Obligation (PDO)** - This is when repayments on a placement have been stopped but the accruals on the accruable components are still being done (There is still a chance of repayment of the deal).

**Non-accrual basis (NAB)** - When the placement acquires this status all accruals for the placement are stopped (The chances of repayment diminish further).

**Write-off (WRO)** - This is when the placement is written off and all accrual entries are reversed.

**Table 7-2 Accrual Entries**

| Field      | Description |
|------------|-------------|
| <b>PDO</b> | 1           |
| <b>NAB</b> | 2           |
| <b>WRO</b> | 3           |

You want a placement under this product to move from status to status in the order in which they are mentioned here. For such a condition, you can indicate the number of days after which each component should move to the status being defined (these can differ for a maturity schedule and an interim schedule).

According to the number of days of default defined for each component, a placement will first be moved to PDO from Active status, then to NAB and lastly to WRO status.

You can also indicate the change of GL if any when a component comes to a particular status, and the messages to be generated at each status change.

## 7.6.3 Forward Status Change

A 'forward' status change is one in which the status changes from one to the next. In our example, the movement from Active to PDO, PDO to NAB and NAB to Write Off are all forward changes. A 'reverse' status change is one in which the status changes from one to the previous. Such a situation arises when a payment is made on a placement with a status other than Active.

If you specify that reverse changes have to be carried out automatically, the status will be changed when a payment is made on a placement with a status other than Active. If you specify that reverse changes should not be automatic; the status remains unchanged even if a repayment is made on the placement. The status has to be changed by you through the Contract Processing function. A reverse change may also become necessary when the number of days of default is increased for a product.

If you specify that forward changes or reverse changes have to be carried out automatically, the status changes will be carried out by the Automatic Contract Update function when it is run either during Beginning of Day processes on the day the change falls due.

If the day on which the forward or reverse status change is due happens to be a holiday, then, the processing depends upon your specifications in the Branch Parameters screen.

- If you have specified that processing has to be done today (the last working day before the holiday) for automatic events right up to the day before the next working day, the events falling on the holiday will be processed during end of day on the last working day before the holiday.
- If you have specified that processing has to be done only up to the System Date (today), then only the events scheduled for today (the last working day before the holiday) will be processed. The events of the holiday are processed on the next working day after the holiday, during beginning of day processing.

If you specify that the forward or reverse changes should not be carried out automatically, the status remains unchanged till you specifically change it for a placement, through the Contract Processing function.

At the time of processing a placement, you can change the automatic mode of status change you have specified for the product to the manual mode, or vice-versa. However, this will apply to all status.

## 7.6.4 Advices to be Generated for a Status Change

You can specify that an advice is to be generated to inform the customer about the status change of the placement. You can also specify the kind of advices to be generated.

You can generate advices when the placement components move forward from one status to the next, to notify the customer of the status change and possibly urge him to make the payments to liquidate the schedules that are aging. The advice will be generated during beginning of day when an automatic status change happens.

## 7.7 Accrual of ICCF Components

This topic describes the definition of accruals for the accruable ICCF components

When you are defining the profit, commission, charge or fee components (ICCF components) for an MM product, you should also specify whether accruals have to be done for the accruable ICCF components. You can specify this through the Product ICCF Details screen.

If accruals should be done, the frequency of accrual should also be specified for the product (through the Product Preferences screen), at the time of product definition.

For all deals for which accruals fall due today, the Automatic Contract Update function will pass the accrual entries. Accrual of profit commission, charge or fee is done during the end of day processing of the Automatic Contract Update function.

In some cases, for example, if a manual liquidation is done, the accrual entries is passed immediately by the system. If this falls on a holiday, the accruals is done as per your holiday handling specifications for automatic processes, in the Branch Parameters screen.

- If you specified that processing has to be done today (the last working day before the holiday) for automatic events right up to the day before the next working day, the events falling on the holiday will be processed during end of day on the last working day before the holiday.
- If you have specified that processing has to be done only up to the System Date (today), then only the events scheduled for today (the last working day before the holiday) will be processed. The events of the holiday will be processed on the next working day after the holiday, during beginning of day processing.

The accrual and income accounts will be picked up based on your definition in the Chart of Accounts. An Accrual Control Journal is generated by the Automatic Contract Update function, reporting the details of the accruals performed.

For a placement on which there is a default in payment, you can specify that aging analysis should be done. This analysis involves the change of status of a deal. When the status is changed, you can also specify that the accruals on the deal should be stopped. For such deals, the accrual entries will not be passed; they will only be calculated and reported in the Accrual Control Journal under 'Memo Accruals'.

This topic has the following sub-topic:

- [Contents of the Accrual Control Journal](#)

### 7.7.1 Contents of the Accrual Control Journal

The memo accrual function will give you the latest accrual amounts for all components of a live deal without actually passing the accrual entries. The memo accrual function generates the Memo Accrual Control Journal that reports the accrued amounts for the various components of the deal, (like interest, commission, charge or fee) that are due on each deal as of the current system date.

#### Intra Day Accruals

The Intra Day Accruals is a batch process that computes accruals for different kinds of investments made by funds. This batch includes processing of fixed asset depreciation. The intraday accruals / depreciation are performed only for those products for which accruals /

depreciation cycle is due for the day. In case of inter-fund subscriptions, the system does not calculate the profit for the investing fund.

This is an intra day process that is applicable only to fund branches. Intra Day Accruals work in line with the normal end of day accruals.

Intra day accrual will process in the same manner as an End of Day (EOD) batch. However, there are some exceptions as listed below:

- In case of components linked to floating rates, the intraday accruals are processed at the prevailing rates while the EOD accruals are processed at revised rates.
- If there are any payment schedules due, which are not liquidated, then compensation accruals are processed during intraday accruals. On manual liquidation of the schedule after the intraday accruals, excess compensation accrued is reversed. If the finance is in PDO status, the accrual entries are posted to the corresponding GL maintained for the product. After manual liquidation, if the status returns to normal then accrual is reversed from GL to PDO status.
- If any back dated rate change or principal increase occurs, the system performs catch accruals till the last working day. If such an operation is performed after the intra day batch is processed the catch up accrual occurs till system date or (next working day -1), depending on the branch parameter settings for accruals.

## 7.8 Profit Rate Revision on a Deal

This topic describes the profit rate revision on a deal.

The type of profit that applies to a deal depends on the definition of the product that it involves. If floating profit rates are applicable for a product, the frequency at which the changing profit rates should be applied on deals involving it will also be defined for the product.

The profit Rate Type of a product is one of the following: fixed, floating, or special. The floating profit rates are defined through the Floating Rate Definition screen. A Rate Code identifies a set of rates defined for a combination of Currency, Amount Limit (optional) and Effective Date. When processing a deal, you link it to the floating rate table by indicating the Rate Code. The rates defined for the Rate Code is applied on the deal (or in other words, the contract).

The rates is applied to a deal depending on whether it has been defined with:

- Auto rate Code Usage - all the rate changes made during the liquidation or accrual period is considered.
- Periodic Rate Code Usage - the rates as of a specific frequency or date is applied.

The Automatic Contract Update does the profit accruals for those deals for which a rate revision becomes due today, whatever the way they have to be applied - every time the rate changes or periodically.

If a fixed profit rate or amount for a deal which has been changed through the Value Dated Changes function falls due today, then the change is effected during BOD processing.

## 7.9 Value Dated Changes

This topic describes the value dated changes and advices generated for value dated changes.

Value Dated Changes are changes to a deal that come into effect on a specific date called the Value Date. Examples of value-dated changes are changes in interest, charge, or fee amounts; collection of additional fees; etc.

Such changes indicated for a deal (through the Value Dated Changes function), falling due today (i.e., if the Value Date is today's date), are executed by the Automatic Contract Update function during beginning of day. All the necessary accounting entries is passed and advices specified for the event are generated.

If the Value Dated change is in the rate or amount of any accruable component, the accruals are done for the deal with the old rate or amount as of the previous day (yesterday).

If the Maturity Date of a deal has been changed so that the deal matures today, the deal is liquidated provided all the prerequisites for such liquidation are met.



### Note:

Any Value Dated Change done during the course of the day with the Value Date as today will, however, be processed during the EOD processing.

- [Advices Generated for Value Dated Changes](#)

### 7.9.1 Advices Generated for Value Dated Changes

When creating a product, you can specify the advices that are to be generated when a value dated change is made on contracts involving the product. For a deal involving the product, you can suppress these advices, if you do not want them generated.

The Automatic Contract Update function generates the advices you have specified for the deal as during the beginning of day processes. If the value dated change falls on a holiday, its processing and the generation of the advice is done as per your holiday handling specifications in the Branch Parameters screen.

For example, if you have so specified:

A future dated deal with a value date as of today is initiated, and deal advice is generated for the benefit of the customer. If any component (like discounted interest, tax on principal, etc.) is liquidated on a take down, the advice is generated for each of them.

In case a change entered through the value dated changes function is due today and is executed, advice notifying the customer about the new terms of the deal is generated.

In case a floating/periodic rate that affects a deal has changed, advice notifying the customer of the new rate applicable for the deal is generated.

## 7.10 Triggering the Year-end Batch Process for Collecting Contract-Wise Data

This topic describes the batch process for Collecting Contract-Wise Data.

The year-end batch process can be triggered to collect data pertaining to the unrealized income booked for each contract during the year. You will be allowed to trigger this process only if you have enabled the Track PY PnL Adjustment option for your branch through the Preferences section of the Branch Parameters screen. During liquidation the information that is collected using the batch process is used to post adjustment entries to the previous year adjustment GL.

You must ensure that you execute this batch process prior to executing the Year-end P and L balance transfer batch. The balances pertaining to the unrealized income booked for each contract during the year will be stored at the Contract, Component and Status level. If a contract spans over multiple years, the accrual balances will reflect the total accrual balance for all previous years.

For example, the status of two contracts entered in the System is as follows:

| Contract Ref Number | Component | Amount accrued after liquidation |
|---------------------|-----------|----------------------------------|
| C1                  | LDML-INT  | USD 100                          |
| C2                  | LDML-INT  | USD 100                          |

During the next year, C1 is liquidated and C2 is not liquidated. After liquidation, C1 has accrued USD 50 and C2 has accrued USD 100.

As a result, the details reflected after running the year-end data collection batch will be as follows.

| Contract Ref Number | Component | Amount accrued after liquidation |
|---------------------|-----------|----------------------------------|
| C1                  | LDML-INT  | USD 50                           |
| C2                  | LDML-INT  | USD 200                          |

While liquidating a contract/schedule the system liquidates the unrealized accruals for the previous year before liquidating the unrealized accruals for the current year.

For discounted Murabaha MM contracts, the transfer of balance from the unrealized GL to the realized income/expense GL is performed only during maturity of the contract.

## 7.11 Commodity Upload

This topic describes the commodity upload option.

Oracle Banking Treasury Management allows you to upload commodity while performing a commodity tracking operation.

Specify the module code and source code. The system will upload the unprocessed data and validates them. After validation, it posts the entries into the contract table. You can verify the uploaded data in Oracle Banking Treasury Management by accessing 'Commodity Tracking' screen.

# 8

## Customer Correspondence

Transfer of funds between parties is always confirmed and corroborated with the exchange of messages, advices or receipts. The Murabaha MM module incorporates the generation of various notices to the parties involved in the contract into its deal processing.

This chapter explains the types of messages generated at each stage for each type of contract that the Murabaha MM module handles.

Once the event is authorized you can generate various types of advices and notices at any time of the day. You can also specify the media through which these advices can be sent. For all the advices and notices discussed here the samples are given below.

This topic has the following sub-topics:

- [Advices](#)  
This topic describes the Rollover advice for a placement and borrowing, initiate advices for placement and borrowing, and confirm advices.
- [Payment Messages](#)  
This topic describes the payment messages that are generated at take-down for placements.

### 8.1 Advices

This topic describes the Rollover advice for a placement and borrowing, initiate advices for placement and borrowing, and confirm advices.

To generate the advice, click on Outgoing Message Browser, under Messages in the Application Browser.



#### Note:

The format and contents of the advices are configured for your requirements. However, the default advice formats are available when Oracle Banking Treasury Management is shipped to you.

- [Confirm Advices](#)
- [Rollover Advice for a Placement](#)
- [Rollover Advice for a Borrowing](#)
- [Initiate Advice for a Borrowing](#)
- [Initiate Advice for a Placement](#)
- [Liquidation Advice for a Placement](#)
- [Advices Generated during Contract Confirmation](#)  
This topic describes the generated Money Market confirmation advice.

- [Advice Generated for the Roll-over of a Placement](#)  
This topic describes the generated rollover advice for a placement.
- [Advice Generated for the Roll-over of a Borrowing](#)  
This topic describes the generated rollover advice for a Money Market borrowing.
- [Advice Generated for the Initiation of a Borrowing](#)  
This topic describes the generated initiation advice for a Money Market borrowing.
- [Advice Generated for the Initiation of a Placement](#)  
This topic describes the generated initiation advice for a placement.
- [Advice for Liquidation of Placement](#)

## 8.1.1 Confirm Advices

The Contract Confirmation advices are given by the bank to the customer on confirmation of the contract. A Contract Confirmation advice gives details of the deal.

## 8.1.2 Rollover Advice for a Placement

You can generate this advice to notify the customer about the Roll-over of the placement.

## 8.1.3 Rollover Advice for a Borrowing

You can generate this advice to notify the customer about the Roll-over of the borrowing.

## 8.1.4 Initiate Advice for a Borrowing

You can generate this advice on the initiation of a borrowing to inform the customer about the details of the contract (borrowing).

## 8.1.5 Initiate Advice for a Placement

You can generate this advice on the initiation of a borrowing to inform the customer about the details of the contract (placement).

## 8.1.6 Liquidation Advice for a Placement

You can generate this advice to inform the customer when a payment is due. The format of the generated advices varies depending upon the data entered. The sample advices for each of these are given in the following sections.

## 8.1.7 Advices Generated during Contract Confirmation

This topic describes the generated Money Market confirmation advice.

MONEY MARKET CONTRACT CONFIRMATION ADVICE

Date: 29-DEC-97

Reference Number: 0003P05973630002

From,

Main Branch

Address Line 1

Address Line 2

Address Line 3

To,

Receiver Branch

Address Line 1

Address Line 2

Address Line 3

CIF

WE CONFIRM THAT A MM PLACEMENT 05

HAS BEEN ACCEPTED AS PER THE DETAILED BELOW

BOOKING DATE: 29-DEC-97

VALUE DATE: 01-JAN-98

MATURITY DATE: 15-FEB-98

CALCULATION METHOD : 30[Euro]/365

AMOUNT : 10,000,000.00 GBP WE REQUEST YOU TO ACKNOWLEDGE THE CONTRACT  
ON THE DUPLICATE

AMERICAN BANK

AUTHORIZED SIGNATORY

MONEY MARKET DEPOSIT CONTRACT CONFIRMATION ADVICE

Date : 29-DEC-97

Reference Number : 000MB07973630001

From,

MAIN BRANCH - BOMBAY

D N ROAD, FORT

BOMBAY 400 001

INDIA

To,

TANAKA & TANAKA

GUTSHAUS

37133 RECKERSHAUSEN

GERMANY

CIF

WE CONFIRM THAT A Money market borrowing - 07  
HAS BEEN ACCEPTED AS PER THE DETAILED BELOW

BOOKING DATE : 29-DEC-97

VALUE DATE : 29-DEC-97

MATURITY DATE : 28-MAR-98

CALCULATION METHOD : 30[Euro}/Actual

AMOUNT : 99,999.00 DEM

WE REQUEST YOU TO ACKNOWLEDGE THE CONTRACT ON THE DUPLICATE  
XYZ BANK

AUTHORIZED SIGNATORY

MONEY MARKET BROKER CONFIRMATION ADVICE Date : 29-DEC-97

Reference Number : 0003P04973630002

Broker Code : SW1001

From,

MAIN BRANCH - BOMBAY

D N ROAD, FORT

BOMBAY 400 001

INDIA

To,

Lucy King

23 Upperway

Old Avenue

WE CONFIRM THAT A MM PLACEMENT 04  
HAS BEEN ACCEPTED AS PER THE DETAILED BELOW

BOOKING DATE : 29-DEC-97

VALUE DATE : 29-DEC-97

MATURITY DATE : 01-JAN-98

CALCULATION METHOD : Actual/365

AMOUNT : 12,000,000.00 AUD

THE BROKERAGE INFORMATION DETAILED BELOW

VALUE DATE : 29-DEC-97

METHOD : ADVANCE

AMOUNT : 25,000.00 USD

WE REQUEST YOU TO ACKNOWLEDGE THE CONTRACT ON THE DUPLICATE

AUTHORIZED SIGNATORY

## 8.1.8 Advice Generated for the Roll-over of a Placement

This topic describes the generated rollover advice for a placement.

ROLLOVER ADVICE FOR A PLACEMENT

MM PLACEMENT 04

Transaction Date : 01-JAN-98

Our Reference No : 0003P04983630002

User Reference No : TC8

US1009

516 W 34 St

New York

NY 10001

THE CONTRACT HAS BEEN ROLLED OVER WITH FOLLOWING DETAILS :

Principal Amount

-----

Old Principal Amount : 12,000,000.00 AUD

Principal Amount : 12,000,000.00 AUD

Value Date : 01-JAN-98

Maturity Date : 04-JAN-98

Tenor : 3 DAYS

INTEREST/FEE DETAILS

Description Amount CCY Rate Interest Basis

-----

INTEREST - AUD 13.5\* Actual/365

-----

\*SUBJECT TO CHANGE

Transaction on Initiation

-----

Component Value Date Account Amount CCY

-----

Component Description Account Branch

-----  
INTEREST 01-JAN-98 BNKCUL-US1009-017 8,798.75 USD  
MM INT PLACEMENTS 000  
-----

YOUR PAYMENT SCHEDULE WILL BE AS GIVEN BELOW  
Component Amount CCY  
-----

Schedule Date : 04-JAN-98  
INTEREST 13,315.50 AUD  
PRINCIPAL 12,000,000.00 AUD  
-----

SETTLEMENT DETAILS  
-----

Component Dr/Cr Br Account CCY  
-----

INTEREST R 000 BNKCUL-US1009-017 USD  
MMR002\_AMT R 000 BNKCUL-US1009-017 USD  
PRINCIPAL P 000 BNKCUL-US1009-017 USD  
PRINCIPAL\_INCR P 000 BNKCUL-US1009-017 USD  
PRINCIPAL\_LIQD R 000 BNKCUL-US1009-017 USD  
-----

### 8.1.9 Advice Generated for the Roll-over of a Borrowing

This topic describes the generated rollover advice for a Money Market borrowing.

ROLLOVER ADVICE FOR A BORROWING

Money market borrowing - 08

Transaction Date : 31-JAN-98

Our Reference No : 000MB08980010001

User Reference No : TC51

GB1003

Endsleign Court

24 Upper Woburn Place

London WC1H 0HA

THE CONTRACT HAS BEEN ROLLED OVER WITH FOLLOWING DETAILS :

Principal Amount

-----

Old Principal Amount : 10,000,000.00 GBP

Principal Amount : 10,046,916.25 GBP

Value Date : 31-JAN-98

Maturity Date : 01-MAR-98

Tenor : 30 DAYS

INTEREST/FEE DETAILS

Description Amount CCY Rate Interest Basis

-----

INTEREST - GBP 6.25\* 30[Euro]/365

-----

\*SUBJECT TO CHANGE

Transaction on Initiation

-----

Component Value Date Account Amount CCY

-----

Component Description Account Branch

-----

-----

OUR PAYMENT SCHEDULE WILL BE AS GIVEN BELOW

Component Amount CCY

-----

Schedule Date : 01-MAR-98

INTEREST 53,331.75 GBP

PRINCIPAL 10,046,916.25 GBP

-----

SETTLEMENT DETAILS

-----

Component Dr/Cr Br Account CCY

-----

INTEREST P 000 BNKCUF-GB1003-018 GBP

PRINCIPAL R 000 BNKCUF-GB1003-018 GBP  
PRINCIPAL\_INCR R 000 BNKCUF-GB1003-018 GBP  
PRINCIPAL\_LIQD P 000 BNKCUF-GB1003-018 GBP

## 8.1.10 Advice Generated for the Initiation of a Borrowing

This topic describes the generated initiation advice for a Money Market borrowing.

### INITIATION ADVICE FOR A BORROWING

Money market borrowing - 07

Transaction Date : 29-DEC-97

Our Reference No : 000MB07973630001

User Reference No : TC29

GE1000

GUTSHAUS

37133 RECKERSHAUSEN

GERMANY

WE CONFIRM HAVING TAKEN FROM YOU

Principal Amount

-----  
Principal Amount : 99,999.00 DEM

Value Date : 29-DEC-97

Maturity Date : 28-MAR-98

Tenor : 90 DAYS

### INTEREST/FEE DETAILS

Description Amount CCY Rate Interest Basis

-----  
INTEREST - DEM 10 30[Euro}/Actual

-----  
Transaction on Initiation

-----  
Component Value Date Account Amount CCY

-----  
Component Description Account Branch

-----  
INTEREST 29-DEC-97 CORCUL-GE1000-011 1,436.25 USD

Interest Component 000

MMR003\_AMT 29-DEC-97 CORCUL-GE1000-011 1,000.00 USD

Tax amount Tag MMR003\_AMT 000

PRINCIPAL 29-DEC-97 CORCUL-GE1000-011 59,041.50 USD

Principal Amount 000

-----  
OUR PAYMENT SCHEDULE WILL BE AS GIVEN BELOW

Component Amount CCY

-----  
Schedule Date : 28-MAR-98

INTEREST 2,433.00 DEM

PRINCIPAL 99,999.00 DEM

-----  
SETTLEMENT DETAILS

-----  
Component Dr/Cr Br Account CCY

-----  
INTEREST P 000 CORCUL-GE1000-011 USD

MMR003\_AMT R 000 CORCUL-GE1000-011 USD

PRINCIPAL R 000 CORCUL-GE1000-011 USD

PRINCIPAL\_LIQD P 000 CORCUL-GE1000-011 USD

### 8.1.11 Advice Generated for the Initiation of a Placement

This topic describes the generated initiation advice for a placement.

INITIATION ADVICE FOR A PLACEMENT

MM PLACEMENT 04

Transaction Date : 29-DEC-97

Our Reference No : 0003P04973630002

User Reference No : TC8

US1009

516 W 34 St

New York

NY 10001

WE CONFIRM HAVING PLACED WITH YOU

Principal Amount

-----  
Principal Amount : 12,000,000.00 AUD

Value Date : 29-DEC-97

Maturity Date : 01-JAN-98

Tenor : 3 DAYS

INTEREST/FEE DETAILS

Description Amount CCY Rate Interest Basis

-----  
INTEREST - AUD 12.5\* Actual/365

-----  
\*SUBJECT TO CHANGE

Transaction on Initiation

-----  
Component Value Date Account Amount CCY

-----  
Component Description Account Branch

-----  
PRINCIPAL 29-DEC-97 BNKCUL-US1009-017 8,469,791.00 USD

Principal Amount 000

-----  
YOUR PAYMENT SCHEDULE WILL BE AS GIVEN BELOW

Component Amount CCY

-----  
Schedule Date : 01-JAN-98

INTEREST 12,329.00 AUD

PRINCIPAL 12,000,000.00 AUD

-----  
SETTLEMENT DETAILS

-----  
Component Dr/Cr Br Account CCY

INTEREST R 000 BNKCUL-US1009-01USD  
17  
MMR002\_AMT R 000 BNKCUL-US1009-01USD  
17  
PRINCIPAL P 000 BNKCUL-US1009-01USD  
17  
PRINCIPAL\_INCR P 000 BNKCUL-US1009-01USD  
17  
PRINCIPAL\_LIQD R 000 BNKCUL-US1009-01USD  
17

### 8.1.12 Advice for Liquidation of Placement

FINANCE BILLING NOTICE

Date: 31-DEC-97

Reference Number: 0003P05973630001

AU1002

AU1002SW

Jayanagar 4th Block

Bangalore

India

The Details of the Schedules falling Due as follows :

~~~~~

=====

COMPONENT DUE DATE AMOUNT

=====

MM INT PLACEMENTS 31-JAN-98 271.50 AUD

PRINCIPAL 31-JAN-98 21,560.00 AUD

=====

THIS IS A COMPUTER GENERATED ADVICE

NO AUTHORIZED SIGNATURE IS REQUIRED

## 8.2 Payment Messages

This topic describes the payment messages that are generated at take-down for placements.

Payment messages or SWIFT messages are generated at take-down for placements, and at the time of contract maturity and interest liquidation for deposits. Swift confirmation message MT320 is generated for contracts whose maturity type is 'FIXED' and for contracts with maturity type 'NOTICE', Swift confirmation message is MT330 is generated.

The format of the messages depends on the type of deal entered. The contents of the messages are taken from the Contract Input screen.

```
{1:F01ANBKUSWAXXX111111111} {2:I324RU1000SWXXXN}  
{4: :20:000MB05993630002 :21:000MB05993630002 :22:MATURITY/  
ANBKWA0015RU10SW :30:991229 :32R:000101GBP10000000, :34P:000215GBP17  
7610,5 :37F:15,/ADVANCE
```

# 9

## Accounting Entries and Advices for the Murabaha MM Module

This topic contains details of the suggested accounting entries that is set up, for the MM module of Oracle Banking Treasury Management.

The details of the suggested accounting entries are listed event-wise.

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