Oracle® Banking Treasury Management

Brokerage User Guide

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Contents

Preface

This topic contains the following sub-topics:

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Purpose

This guide is designed to help you to quickly get acquainted with the brokerage maintenance and brokerage process that are applicable to a contract involving a product in Oracle Banking Treasury Management.

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.

Documentation Accessibility

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

Access to Oracle Support

Oracle customer access to and use of Oracle support services will be pursuant to the terms and conditions specified in their Oracle order for the applicable services.

Critical Patches

Oracle advises customers to get all their security vulnerability information from the Oracle Critical Patch Update Advisory, which is available at Critical Patches, Security Alerts and Bulletins. All critical patches should be applied in a timely manner to make sure effective security, as strongly recommended by Oracle Software Security Assurance.

Diversity and Inclusion

Oracle is fully committed to diversity and inclusion. Oracle respects and values having a diverse workforce that increases thought leadership and innovation. As part of our initiative to build a more inclusive culture that positively impacts our employees, customers, and partners, we are working to remove insensitive terms from our products and documentation. We are also mindful of the necessity to maintain compatibility with our customers' existing technologies and the need to ensure continuity of service as Oracle's offerings and industry standards evolve. Because of these technical constraints, our effort to remove insensitive terms is ongoing and will take time and external cooperation.

Related Resources

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

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

Conventions

The following text conventions are used in this document:

Table   Conventions and Meaning

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

Screenshot Disclaimer

Personal information used in the interface or documents is dummy and does not exist in the real world. It is only for reference purposes.

Acronyms and Abbreviations

The acronyms and abbreviations are listed in this below table:

Table   Acronyms and Abbreviations

Abbreviations or Acronyms	Definition
AEOD	Automated End of Day
Cr	Credit
DV	Derivatives

Table   (Cont.) Acronyms and Abbreviations

Abbreviations or Acronyms	Definition
Dr	Debit
EOFI	End of Financial Input
FCY	Foreign Currency
FX	Foreign Exchange
ICCB	Interest Commission Charge and Fee
LCY	Local Currency
MM	Money Market
OBTR	Oracle Banking Treasury Management
OT	Over the Counter Options

Basic Actions

Table   List of Basic Actions

Action	Description
Approve	Click **Approve** to approve the initiated report. This button is displayed, once the user click **Authorize**.
Audit	Click **Audit** to view the maker details, checker details of the particular record, and record status. This button is displayed only for the records that are already created.
Authorize	Click **Authorize** to authorize the record created. A maker of the screen is not allowed to authorize the report. Only a checker can authorize a record. This button is displayed only for the already created records.
Close	Click **Close** to close a record. This action is available only when a record is created.
Confirm	Click **Confirm** to confirm the performed action.
Cancel	Click **Cancel** to cancel the performed action.
Compare	Click **Compare** to view the comparison through the field values of old record and the current record. This button is displayed in the widget, once the user click **Authorize**.
Collapse All	Click **Collapse All** to hide the details in the sections. This button is displayed, once the user click **Compare**.
Expand All	Click **Expand All** to expand and view all the details in the sections. This button is displayed, once the user click **Compare**.
New	Click **New** to add a new record. The system displays a new record to specify the required data. ⓘ **Note** The fields which are marked in asterisk red are mandatory fields.

Table   (Cont.) List of Basic Actions

Action	Description
OK	Click **OK** to confirm the details in the screen.
Save	Click **Save** to save the details entered or selected in the screen.
View	Click **View** to view the report details in a particular modification stage. This button is displayed in the widget, once the user click **Authorize**.
View Difference only	Click **View Difference only** to view a comparison through the field element values of old record and the current record, which has undergone changes. This button is displayed, once the user click **Compare**.

Symbols and Icons

The list of symbols and icons available on the screens are as follows:

Table   Symbols and Icons - Common

Symbol/Icon	Function
	Minimize
	Maximize
	Close
	Perform Search
	Open a list
	Navigate to the first record
	Navigate to the last record
	Navigate to the previous record
	Navigate to the next record
	Grid view
	List view
	Refresh

Table   (Cont.) Symbols and Icons - Common

Symbol/Icon	Function
+	Click this icon to add a new row.
-	Click this icon to delete a row, which is already added.
	Calendar
	Alerts
	Unlock Option
	View Option
	New
	Enter query
	Execute query
	Copy
	Delete
	Save
	Search
	Advanced search
	Clear all
	Reset
	Export
	Print
	View Details

Table   (Cont.) Symbols and Icons - Common

Symbol/Icon	Function
	Sorting

Table   Symbols and Icons - Widget

Symbol/Icon	Function
	Open status
	Unauthorized status
	Rejected status
	Closed status
	Authorized status
	Modification Number
	Hold
	Reverse

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Process Brokerage on a Contract

A Broker is a party who mediates between a buyer and a seller. The Brokerage paid to a broker is a fee for acting as intermediary between buyer and seller. There are many types of brokerages added in areas such as Money Market, Securities, and so on.

Brokerage is usually based on either a percentage of the transaction or a flat fee. They can also be a combination of the two. Oracle Banking Treasury Management supports Treasury Management activities, Securities, Derivatives, Forex Deals, and so on where Brokerage is involved.

This manual explains the processing of brokerage in Oracle Banking Treasury Management. Using the Brokerage service that Oracle Banking Treasury Management provides, you can:

- Capture and maintain the details of brokers- assign a broker code, record the name, and address of the broker

- Specify brokerage discounts for a broker

- Specify the currency of booking

- Specify whether brokerage is to be paid on the deal in advance or in arrears

- Define a brokerage rule with amount slabs for specifying a flat amount, a percentage of the deal or the deal amount, within certain limits

- Specify whether the brokerage amount should be in the deal currency or converted to the LCY

- Book brokerage to an internal account- by debiting the expense and crediting the brokerage payable account (brokerage is booked on initiation of the deal).

- Opt to liquidate brokerage either automatically or manually at deal initiation or liquidation. (You can manually liquidate the consolidated brokerage payable to a broker involved in many deals. That is, a broker may be entitled to brokerage from more than one deal. You can liquidate the brokerage payable for all these deals, once and for all, using the manual liquidation function).

- Associate a broker with a brokerage rule and a product so that the brokerage is applicable to all the deals involving the product

- Make deal - specific changes

- Generate reports on the brokerage payable and the brokerage that has been already paid You process brokerage in Oracle Banking Treasury Management in the following manner:
    - Maintain broker details
    - Maintain brokerage rules
    - Associate a broker and product with a brokerage rule

Associating a broker and a product with a rule is explained in the Products Manual.

This topic explains the following sub-topics:

- [Capture Broker Details](#)
  This topic describes the systematic instruction to capture the broker details.

- **[Brokerage Rule Definition](#)**
  This topic describes the brokerage rule definition feature.

- **[Associate a Broker and Product with a Rule](#)**
  This topic describes the systematic instructions for broker association.

- **[Brokerage Details Maintenance](#)**
  This topic describes the systematic instruction to brokerage details maintenance.

- **[Maintain Brokerage Discounts](#)**
  This topic describes the systematic instructions to maintain the brokerage discounts.

- **[Treasury Broker Commission Setup](#)**
  This topic describes the systematic instruction to set up Treasury Broker Commission details.

- **[Treasury Broker Commission Setup Summary](#)**
  This topic describes the systematic instruction to view Treasury Broker Commission details.

- **[Brokerage Liquidation](#)**
  This topic describes the manual brokerage liquidation and accounting entries for brokerage liquidation.

1.1 Capture Broker Details

This topic describes the systematic instruction to capture the broker details.

The user can capture the following details in this screen:

- The broker's code

- The name and address of the broker

- The booking currency

- The transaction code under which the system should track accounting entries involving the liquidation

- Whether it is to be paid in advance or as arrears

- The tax scheme applicable

- The tax paid and the tax payable accounts

Specify the **User ID** and **Password**, and login to Homepage.

1. On the Home page, enter **BRDMAST** in the field at the top right corner of the application tool bar and clicking the adjoining arrow button.

   The **Treasury Broker Master Maintenance** screen displays.

Figure 1-1   Treasury Broker Master Maintenance

> ⓘ **Note**
>
> All fields with the (*) symbol are mandatory.

2. In the **Treasury Broker Master Maintenance** screen, specify the fields.

   For description of the fields, refer to the below table.

Table 1-1   Treasury Broker Master Maintenance- Field Description

Fields	Description
Broker ID	Specify a unique broker identification for every broker with whom you deal. The Broker Identification has to be the same as the broker's Customer Identification Number. The Customer Identification Number can be selected from a list that is displayed. This Broker ID is used to identify the broker. For example, when processing a deal on which you have to pay brokerage, or when generating reports for a broker, you need to enter the code of the broker involved.
Name	Specify the name of the broker. The system maps and displays the name and address of the broker, when you select the Customer Identification Number to identify a broker. You cannot change the name which displays in this screen, but according to the defined details you can enter the changed address of the broker.
Execution Broker	Select this box to indicate that the broker created is an Execution Broker.
Clearing Broker	Select this box to indicate that the broker created is a Clearing Broker.

Table 1-1 (Cont.) Treasury Broker Master Maintenance- Field Description

Fields	Description
Broker's Address	Specify the changed address of the broker in the following fields. • **Street** • **City** • **Country**
Applicable For	Specify the below applicable for fields.
Exchange Traded Derivatives	Select this check box to indicate the broker whose details you are maintaining can be used in the ETD module of Oracle Banking Treasury Management. If you check this box, the system displays an override stating the booking method is Advance.
Enable Treasury Commission Setup	this box to indicate that the broker commission setup should be used for brokerage calculation.
Default Agreement	Specify the default agreement for the broker. The adjoining option list displays the relevant agreements. You can choose the appropriate one.
Brokerage Liquidation	Under the brokerage liquidation field section specify the below brokerage liquidation fields to capture the details .
Booking Method	Select the method in which the brokerage amount is to be liquidated. The options available are: • **Advance** • **Arrears** **Note:** The arrears option is not valid if you have selected the exchange traded derivatives option.
Liquidation Transaction Code	Specify a liquidation transaction code from the codes maintained in the Core Entities module of Oracle Banking Treasury Management. The system passes accounting entries under the selected transaction code. A broker gets the brokerage amount only after liquidation through the brokerage liquidation function.
Payment Currency	Select the currency in which the brokerage amount is to be booked.
Tax Details	Specify the tax scheme details
Tax Scheme	A tax scheme holds the tax rules for the tax applicable on the brokerage paid.
Payable Currency	Specify the currency in which you would like to pay brokerage for every brokerage. If the currency that you specify is not the broker's account currency, the standard exchange rate (for the day) is used to convert the brokerage into the currency of the broker's account. The brokerage is booked into the broker account defined in this screen. If this account is either not specified or is not available when brokerage is being booked, the brokerage can be booked in any one of the broker's savings or current accounts (in the currency specified here).
Booking Method	Select the booking method to book the brokerage payable to a broker either in: • **Advance** • **Arrears** If you select: • **Advance**: brokerage can be booked when the deal is initiated • **Arrears**: brokerage can be booked when the deal is liquidated

Table 1-1   (Cont.) Treasury Broker Master Maintenance- Field Description

Fields	Description
Category	Select the category from the drop-down list. • **Broker** • **Exchange** • **Clearing Member** This defines the category of the entity whether a broker, an exchange member or a clearing member.
Tax Paid	Specify the following details, if any tax is to be paid on the brokerage: • **Account**- The account from which the broker's tax component debits • **Transaction code**- You have to specify the transaction code for the tax payable account by selecting one from the list so that the system passes accounting entries for this transaction. The transaction code identifies the nature of the entry which passes If any tax is payable on the brokerage, you have to specify the following details: • **Account**- The account to which the broker's tax component credits • **Transaction code**– You have to specify the transaction code for the tax payable account so that the system passes accounting entries for this transaction
Broker Account	In the Broker Account table you can specify the following details:
Margin Type	Select the margin account type from the drop- down list. The list displays the following values: • **Initial Margin** • **Variation Margin**
Account	Specify the account of the broker. The adjoining option list gives you a list of accounts. Choose the appropriate one. You cannot specify the same account number for another broker. Each broker should have account numbers unique to him **Note:** It is mandatory for you to specify at least one account number for the broker. If the broker is dealing with Exchange Traded Derivatives, his external accounts have to be maintained here. You cannot specify the same account numbers for different brokers. Each broker should have unique account numbers.
Description	Specify a brief description for the account.

1.2 Brokerage Rule Definition

This topic describes the brokerage rule definition feature.

A brokerage rule identifies the basic nature of a brokerage component. Each brokerage rule is defined by a ten-character code, called the Rule ID. Attributes are defined for this Rule ID, which is then associated with a broker and product. When a deal is processed, the brokerage attributes defined for the Rule ID that is associated with a broker and product is applied on the deal. A brokerage rule is created in the same way that any Interest, Commission, Charge and Fee (ICCB) rule is created, as follows:

• The rule is created at the head office branch, by giving it a unique identification and description, in the **Treasury ICCB Rule Availability Maintenance** screen. In this screen, the rule is made available for use in the required branches by maintaining an allowed / disallowed list of branches.

- At the required branch, in the **Treasury ICCB Rule Maintenance** screen, the attributes for the rule are defined. Maintaining the attributes in this screen is subject to whether maintenance of ICCB rules is allowed for the branch.

To recall, at the branch head office, the user can create appropriate ICCB rules and make the rules available to the required branches.

This topic contains the following sub- topics:

- ICCB Rule Availability Maintenance
  This topic describes the systematic instruction to maintain the ICCB Rule Availability.

- Define Attributes of the Brokerage Rule
  This topic describes the systematic information to define Brokerage rules.

- Calculating Brokerage using a Tenor- Based Tier/Slab Structure
  This topic describes the brokerage calculation using a Tenor- Based Tier/Slab Structure.

- The Sequence in Which ICCB Rules are Resolved
  This topic describes how the ICCB Rules are resolved sequentially.

1.2.1 ICCB Rule Availability Maintenance

This topic describes the systematic instruction to maintain the ICCB Rule Availability.

In **Treasury ICCB Rule Availability Maintenance**, the user can maintain ICCB rules which is then available to desired branches. The user can do this by maintaining a list of branches for which the use of the rule is allowed, or disallowed.

Specify the **User ID** and **Password**, and login to Homepage.

1. On the Homepage, enter **CFDTRRLA** in the text field and then click the next arrow.

   The **Treasury ICCB Rule Availability Maintenance** screen displays.

Figure 1-2   Treasury ICCB Rule Availability Maintenance

> ⓘ **Note**
>
> All fields with (*) symbol are mandatory.

2. On the **Treasury ICCB Rule Availability Maintenance** screen, specify the fields.

For field details and description, refer to the below table.

Table 1-2   Treasury ICCB Rule Availability Maintenance- Field Description

Field	Description
Rule Id	Specify a unique identification for the ICCB rule you are creating. If you are creating a brokerage rule, specify a unique identification for the brokerage rule. This is the identification that is used as to identify for the rule, in all subsequent references to it. You must also specify a unique description for the rule. Every brokerage rule is identified by a unique ten-character code, called a Rule ID. You can link a valid Brokerage Rule ID to the appropriate broker and product. When a deal is processed, the brokerage attributes defined for the Rule ID that is associated with a broker and product can be applied on the deal. ⓘ **Note** After the rule has been created in the ICCB Rule Availability Maintenance screen, the attributes for the rule must be defined in the ICCB Rule Maintenance Screen.
Branch Restrictions	You can maintain a list of allowed branches (that is, the rule would be available for use in the allowed list of branches) or disallowed branches (the rule is not be available for use in the branches in the disallowed list). To recall, the attributes for the rule are defined, in the ICCB Rule Maintenance Screen. Maintaining the attributes in this screen, for a branch, is subject to whether maintenance of ICCB rules is allowed for the branch, and also whether the rule for which attributes are being defined, is allowed for the branch. For details about the Common Branch Restrictions, refer the Security Management System user manual.
Description	Displays the description of the Rule Id.
Branch specific rules	Specify the fields under the Branch specific rules section.
Branch Code	Select the branch code from the available list of values.
Description	Displays the description of the selected branch code.

1.2.2 Define Attributes of the Brokerage Rule

This topic describes the systematic information to define Brokerage rules.

After a brokerage rule has been created in the **Treasury ICCB Rule Branch Availability Maintenance** screen, the attributes for the created brokerage rule are defined in the **Treasury ICCB Rule Maintenance** screen.
The user can apply a brokerage rule on any contract, irrespective of the currency of the contract, the customer and the branch involved.

In the ICCB Rule Details screen, the rules applicable for contracts involving all branches, transaction currencies, customers and customer categories must be maintained at the head

office branch. Subsequently, the user can maintain the specific rules to be applicable for contracts involving for the following combinations:

- A specific branch, customer category, customer and currency
- A specific branch, customer category, customer and all currencies
- A specific branch, customer category, currency and all customers
- A specific branch, currency and all customer categories and customers
- A specific branch, customer categories and all currencies and customers
- A specific branch and all customer categories, customers and currencies
- A specific customer category, customer, currency, and all branches
- A specific customer category, customer and all currencies and branches
- A specific customer category, currency and all customers and branches
- A specific currency and all customer categories, customers and branches
- A specific customer category and all customers, currencies and branches
- All branches, customer categories, customers and currencies

> ⓘ **Note**
>
> As mentioned earlier, the rules applicable for combinations involving all branches (the All option in the Branch Code field) can be maintained only from the head office branch.

Specify the **User ID** and **Password**, and login to Homepage.

1. On the Homepage, enter **CFDTRRLM** in the text field and then click the next arrow.

   The **Treasury ICCB Rule Maintenance** screen displays.

Figure 1-3   Treasury ICCB Rule Maintenance

> ### ⓘ **Note**
>
> All fields with (*) symbol are mandatory.

2. On the **Treasury ICCB Rule Maintenance** screen, specify the fields.

    For field details and description, refer to the below table.

Table 1-3   Treasury ICCB Rule Maintenance- Field Description

Field	Description
Rule Id	Select the Id of the rule for which you are defining attributes. Every brokerage rule is identified by a unique ten-character code, called a Rule ID. You can link a valid Brokerage Rule ID to the appropriate broker and product. When a deal is processed, the brokerage attributes defined for the Rule ID that is associated with a broker and product can be applied on the deal.
	To recall, the Rule ID for a brokerage rule is specified in the ICCB Rule Branch Availability maintenance. Accordingly, in the Rule ID field in this screen, you must select the ID of the brokerage rule that you wish to build by maintaining the attributes.
	The option list in the Rule ID field is populated based on the following conditions: • Only those Rule Ids that are available for users at the current branch according to the ICCB Rule Branch Availability maintenance are displayed • The maintenance of ICCB rules must be allowed for users at the current branch, according to the restrictions maintained in the Common Branch Restrictions maintenance for the restriction type ICCB RULE
	If no Common Branch Restrictions have been maintained, and the restriction type ICCB RULE has not been maintained in the SMS Branch Restriction Type maintenance, the option list in the Rule ID field only displays those rules that are available for users in the current branch, according to the ICCB Rule Branch Availability maintenance.
Description	Specify a description for the brokerage rule.
	This description is associated with the brokerage rule for information retrieval purposes.
Transaction Currency	Select the All option in the currency code, If you wish to define the attributes for all currencies. If you are maintaining the attributes for the selected ICCB rule in specific currency other than the All, select the Transaction Currency on which the rule mapping maintenance is to be made applicable.
Customer Group	Select the customer group on which the rule mapping maintenance is to be made applicable.
	You can create a generalized brokerage rule mapping record by selecting the All option in the Customer Group field. This specification is defaulted to the Customer and Customer Account fields. You are forbid to change the specification.
Rule Type	Specify whether the rule type for calculating brokerage is Aggregation Type or Individual Type. • Aggregation type indicates that brokerage is calculated on the total value of the deals • Individual type indicates that brokerage is calculated on a deal-by-deal basis
Customer	Specify the customer Id of the customer for whom you are maintaining the rule mapping.

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Table 1-3   (Cont.) Treasury ICCB Rule Maintenance- Field Description

Field	Description
Branch Code	Select the branch for which the attributes are being defined, if you are maintaining the attributes for the selected ICCB rule from the head office branch, you can
	If you wish to define the attributes for all branches, you can select the ALL option in the Branch Code field to indicate this.
	If you are maintaining the attributes for the selected ICCB rule from a branch other than the head office, you can only select those branches that are found in the allowed list of branches for: • the ICCB rule definition Restriction Type (ICCBRULE), in the Common Branch Restrictions maintenance for the current branch • the selected rule being built, according to the ICCB Rule Availability maintenance In other words, the option list in the Branch Code field would display only those branches that are allowed both for the rule and the current branch.
	In other words, the option list in the Branch Code field would display only those branches that are allowed both for the rule and the current branch.
Rate Type	Select the rate type from the following: • Flat amount- You can specify a fixed amount as brokerage. This is the brokerage amount for all contracts involving the brokerage rule you are defining. • Fixed rate- You can specify a percentage as brokerage. The rate that you specify can be applied on the contract amount to calculate the brokerage amount.
	The specific rates and amounts applicable have to be specified subsequently through this screen.
	The rate type indicates whether the Brokerage to be applied for the Rule ID is a flat amount or a percentage of the basis amount.
Tenor Basis	Select the tenor basis option to indicate that defined Rule ID is to be applied based on the tenor of the contract.
	The tenor of the contract is calculated as the difference between the Maturity Date and the Value Date of the contract.
	After the tenor is calculated, brokerage is computed based on the tenor slabs. For more information, refer to the [Calculating Brokerage using a Tenor- Based Tier/Slab Structure](#) topic.
Tiered Amount	Select the tiered amount option if you wish to maintain the basis amount structure as Tiers. Leave it blank if you are maintaining a slab structure. The Basis Amount is the upper limit of the slab or tier to which a particular rate or amount should be applied as brokerage.
	You can define the brokerage to be applied on contracts in any one of the following ways: • In a tier structure (cumulative) • In a slab structure (non-cumulative) You should first indicate whether the Basis Amount that you specify subsequently should be considered as a Slab or a Tier.
Tiered Tenor	Select the tiered tenor option to indicate that brokerage is to be calculated on the basis of a tiered tenor structure, by choosing the Tiered Tenor option. Tiered tenor is applicable only for duration based brokerage.

Table 1-3   (Cont.) Treasury ICCB Rule Maintenance- Field Description

Field	Description
Rounding	Specify the rounding fields. ⓘ **Note** If the rule type is brokerage, then no need to give value in this field.
Minimum Amount	Specify the minimum amount range within which the amount calculated using the brokerage rate should fall, If you indicated that brokerage should be calculated as a flat amount.
Maximum Amount	Specify the maximum amount range within which the amount calculated using the brokerage rate should fall, If you indicated that brokerage should be calculated as a flat amount.
Minimum Rate	Specify the minimum rates for brokerage calculations, if you have chosen not to maintain the minimum and maximum amounts.
Maximum Rate	Specify the maximum rates for brokerage calculations, if you have chosen not to maintain the minimum and maximum amounts. If the brokerage calculated using this Rule ID exceeds the amount calculated using the maximum rate specified here, the maximum rate amount can be applied as brokerage. Similarly, if the brokerage amount falls below the amount calculated using the minimum rate, the minimum rate amount is considered as brokerage. ⓘ **Note** If you have specified a flat amount as the Rule Type, then you need not specify the minimum and maximum amount/rate limits.
Rate	Specify whether the currency rate for deal or slab currency from the following: • Mid • Buy • Sell
External Pricing	Select this box to indicate that external charges can be fetched from external pricing and billing engine for contracts created under this product.
Interest Basis	Specify the below Interest Basis fields.
As per Contract Currency	Select this box if you wish to calculate the brokerage based on the contract currency. This specifies the calculation basis for the brokerage based on the Contract Currency or Rule Currency. This specifies whether the brokerage is paid in the charge currency or in the currency of the contract. If you wish to calculate the brokerage based on the rule currency, then you have to choose the brokerage calculation value from drop-down list next to this field.
Rate Period	Specify the rate period.

Table 1-3   (Cont.) Treasury ICCB Rule Maintenance- Field Description

Field	Description
Booking Currency	Specify the currency in which the brokerage amount is to be calculated. • Charge Currency- If you specify the brokerage currency as charge currency, brokerage can be calculated in the currency selected in the Charge Currency field. For a contract in foreign currency, the contract amount is converted into the charge currency equivalent before brokerage is applied. • Contract Currency- If you specify the brokerage currency as the contract currency, brokerage can be calculated in the currency of the contract
Basis Amount Currency	Specify the upper limit of the slab or tier to which a particular rate or amount should be applied as brokerage. The brokerage rate or amount (depending on the rate type) is to be specified in the subsequent field.
Fixed Rate	If the brokerage is in the form of a percentage of the contract amount, you should specify the applicable rate. This rate can be applied for the Basis Amount To, depending on whether you have defined the application basis as a slab or a tier.
Charge Currency	Specify the charge currency.
Tenor Based Rates	Specify the tenor based rates.

Once an ICCB Rule has been defined, you should associate it with a broker and product through the Brokerage Association screen. Depending on the broker and product involved in a contract, the appropriate rule is made applicable.

1.2.3 Calculating Brokerage using a Tenor- Based Tier/Slab Structure

This topic describes the brokerage calculation using a Tenor- Based Tier/Slab Structure.

Let us assume that you have defined a brokerage rule, to be associated with contracts based on the following tenor basis:

Table 1-4   Brokerage Calculation

Amount Basis	Tenor	Tenor	Tenor
0 - 100,000	0.1%	0.15%	0.17%
100,001 - 1,000,000	0.2%	0.25%	0.3%
1,000,001 - 99,000,000	0.5%	0.75%	.1%
(slab)	(0-100 days)	(101-200 days)	(201-250 days)

Let us see how the brokerage is calculated for the following contract:

Contract Amount = USD 800,000

Tenor = 250 days (assuming that the difference between the maturity date and value date is 250 days)

Brokerage for non-cumulative amount and tenor structure:

The contract amount is USD 800,000, which falls under the second amount slab. The contract duration is 250 days, which falls under the third tenor defined for this amount slab.

Therefore, brokerage= 800,000 * 0.3% = 2400.

Brokerage for a tiered amount and non-tiered tenor combination:

For this combination, the contract amount is distributed amongst the various slabs and depending on the tenor, the rate corresponding to the tenor can be used to calculate the brokerage.

Brokerage for the first 100,000 (1st amount slab) is calculated as follows:

The contract tenor is 250 days, which falls in the 3rd tenor.

Therefore, brokerage = 100,000 * 0.17% = USD 170

Brokerage on the remaining 700,000 = 700,000 * 0.3% = USD 2100

The total brokerage = (170+2100) = 2270

Specifying a Duration Based Brokerage

At the time of defining a brokerage rule, you can also specify whether the brokerage amount should be calculated based on the duration of the contract. In effect, you indicate whether the duration of the contract is a component in the formula for calculating the brokerage amount.

The formula used is (Rate %* Contract Amount*Duration of the contract)

The duration of the contract can be calculated based on the Interest basis that you specify. You can either choose to apply the interest basis associated with the contract currency or opt for a different Interest basis from the drop-down list. Interest basis is defaulted from the Currency Definition table if you select the 'As per contract ccy' option.

1.2.4 The Sequence in Which ICCB Rules are Resolved

This topic describes how the ICCB Rules are resolved sequentially.

Table 1-5   ICCB Rules

Rule	Branch	Customer Category	Customer	Currency
Specific	Specific	Specific	Specific	Specific
Specific	Specific	Specific	Specific	ALL
Specific	Specific	Specific	ALL	Specific
Specific	Specific	ALL	ALL	Specific
Specific	Specific	Specific	ALL	ALL
Specific	Specific	ALL	ALL	ALL
Specific	ALL	Specific	Specific	Specific
Specific	ALL	Specific	Specific	ALL
Specific	ALL	Specific	ALL	Specific
Specific	ALL	ALL	ALL	Specific
Specific	ALL	Specific	ALL	ALL
Specific	ALL	ALL	ALL	ALL

Copy an ICCB Rule

In order to make the definition of ICCB rules easier, you can copy an existing rule and modify its attributes.

1.3 Associate a Broker and Product with a Rule

This topic describes the systematic instructions for broker association.

Brokerage association enables you to link a product, a rule, a currency or a currency pair (in the case of foreign exchange products) and a broker. Further, you can make a Brokerage Rule applicable for a broker, product and currency combination.
For a Foreign Exchange deal, you can make the brokerage applicable only when the contract involves a specific currency pair

Specify the **User ID** and **Password**, and login to Homepage.

1. On the Homepage, enter **BRDASSOC** in the text field and then click the next arrow.

   The **Treasury Brokerage Association Maintenance** screen displays.

Figure 1-4   Treasury Brokerage Association Maintenance

> ⓘ **Note**
>
> All fields with the (*) symbol are mandatory.

2. On the **Treasury Brokerage Association Maintenance** screen, specify the fields.

   For field details and description, refer to the below table.

Table 1-6   Treasury Brokerage Association Maintenance- Field Description

Field	Description
Broker	Specify the broker code, or select a broker code from the option list by clicking on the option list available
Product Code	Select a product code from the option list.

Table 1-6   (Cont.) Treasury Brokerage Association Maintenance- Field Description

Field	Description
Currency	Specify the SWIFT Code of the currency in this field. If the rule you are defining is for MM contracts in a specific currency.
	If the rule being defined is for Foreign Exchange contracts, you can make it applicable for contracts involving a specific currency pair by entering the pair at Currency1 and Currency2. SWIFT code here means the ISO code for currency as specified in SWIFT standards.
	The attributes of the brokerage rule can be associated with contracts defined in this combination.
Rule	Select a rule from the option list. This rule associates with the Broker, Product, and currency or currency pair combination.
	Note: While processing security deals you can choose to add the brokerage computed at the deal level to the cost of the asset, instead of being expensive while processing the SE deal.

1.4 Brokerage Details Maintenance

This topic describes the systematic instruction to brokerage details maintenance.

When capturing the details of a contract, the user have to specify the brokerage details applicable to the contract. By default, the brokerage details specified for the product apply to the contract as well. However, if the user want to change some details, like the booking of brokerage, whether the brokerage should be booked in advance or in arrears, or waived altogether, the currency of the contract, the user have to modify the details in the Brokerage Details screen.

Specify the **User ID** and **Password**, and login to Homepage.

1. In the Contract Input screen, click **Brokerage**.

   The **Brokerage Details** screen displays.

Figure 1-5   Brokerage Details

2. On the **Brokerage Details** screen, specify the fields.

In case of a new contract, if brokerage already exists for the product, to which the contract is associated, the system pick up the values and display them in this screen. However, if the product has not been associated with a brokerage rule, you do not see any values in this screen.

You can define brokerage for a specific contract, even if it has not been defined for the other contracts involving the product.

When you invoke the Contract Brokerage Details screen, you can change the values only if you have clicked the Modify option from the Action Menu.

The user have to give the following inputs in the Brokerage Details screen to define the contract brokerage details:

Table 1-7 Brokerage Details- Field Description

Field	Description
Contract Reference Number	This is a display field which displays the corresponding contract reference number.
Broker Type	The system displays the broker type.
Broker Name	This displays the description of the broker code. The broker code displays along with the broker's name in the screen. The user cannot change the broker, through this screen, for the contract that you are processing.
New Commission Setup	The system displays the new commission setup.
Rule Applied	The system displays the Rule that has been applied.
Brokerage Currency	This displays the broker code selected in the contracts main screen.
Brokerage Amount	If the brokerage payable currency is the same as the brokerage paid currency, then the same amounts (brokerage paid and brokerage payable) displays against the currencies. You can change these currencies if you wish to. While you cannot alter the brokerage payable amount which displays, you can change the brokerage paid amount value.
Currency	The system displays the currency. This is the currency of the brokerage amount specified in the Broker Master screen.
Amount	The system displays the amount. This field displays the brokerage amount calculated for the transaction.
Booking Method	The system displays the booking method.
Consider For Discount	The system displays the preference for the broker being considered for discounts.
Liquidation Status	The system displays the liquidation status.
Liquidation Reference Number	The system displays the liquidation reference number
Sub Rule	The system displays the Sub-rule.
Effective Date	The system displays the effective date for the slab rule.
Basis From	The system displays the basis (from) detail for the slab rule.
Basis To	The system displays the basis (to) detail for the slab rule.
Fixed Rate	The system displays the fixed rate for the slab rule.

Table 1-7   (Cont.) Brokerage Details- Field Description

Field	Description
Flat Amount	The system displays the basis detail for the slab rule.
Min Amount	The system displays the minimum amount for the slab rule. While booking deal in these screen, Min amount is considered for Fixed rate +Flat amount.
Max Amount	The system displays the maximum amount for the slab rule. While booking deal in these screen, Max amount is considered for Fixed rate +Flat amount.

1.5 Maintain Brokerage Discounts

This topic describes the systematic instructions to maintain the brokerage discounts.

The user can maintain discount for a Broker through the **Treasury Brokerage Discount Maintenance** screen. A stockbroker who carries out buy and sell orders at a reduced commission compared to a full-service broker, but provides no investment advice is called as a Discount Broker. It used to be that only the wealthy could afford a broker and access to the stock market.
The internet has brought an explosion of discount brokers which let you trade at a smaller brokerage. However, it is important to remember that discount brokers don't provide personalized advice. Because of discount brokers, nearly anybody can afford to invest in the market.

To maintain the brokerage discounts details, do the following:

Specify the **User ID** and **Password**, and login to Homepage.

1. On the Homepage, enter **BRDDISCO** in the text field and then click the next arrow.

   The **Treasury Brokerage Discount Maintenance** screen displays.

Figure 1-6   Treasury Brokerage Discount Maintenance

> **Note**
>
> All fields with (*) symbol are mandatory.

2. On the **Treasury Brokerage Discount Maintenance** screen, specify the fields.

Table 1-8   Treasury Brokerage Discount Maintenance- Field Description

Field	Description
Broker Code	Specify the broker for whom you are defining brokerage discounts. Click the option list and select a Broker Code from the option list.
Currency	Specify the currency code.
Discount Transaction Code	Select the transaction code that would be used to post volume discount entries, to the respective GL accounts.
Discount Reversal GL	Specify the code of the GL to which the discounted brokerage should be credited. Click on the option list and select a GL Code from the option list.
Discount Type	Select the discount type as Flat Amount or Fixed Rate
Amount From	Specify the lower limit of the amount slab.
Amount TO	Specify the upper limit of the amount slab. You can define brokerage discounts for several amount slabs. The range of the amount slab is determined by the entries you make in this field and the Amount To field. The amount of brokerage to be discounted is determined based on the slab into which the liquidated brokerage falls.
Rate	Specify the rate that should be applied if the liquidated brokerage amount falls within the amount slab you have defined. This field is applicable only if you selected Rate at the Discount Type field.
Amount	Specify the amount that should be discounted if the liquidated brokerage amount falls within the amount slab you have defined. This field is applicable only if you selected Amount at the Discount Type field.

1.6 Treasury Broker Commission Setup

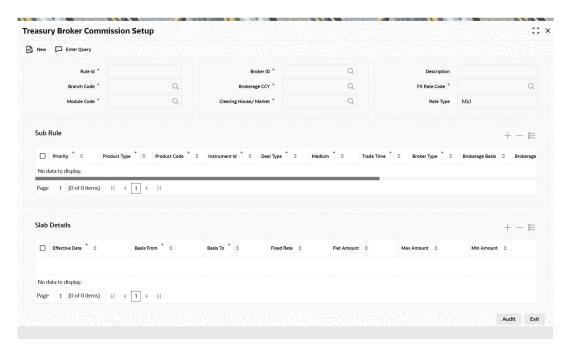This topic describes the systematic instruction to set up Treasury Broker Commission details.

You can capture the different values applicable for arriving at brokerage for Exchange Traded Derivatives

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

   The **Treasury Broker Commission Setup** screen is displayed.

Figure 1-7   Treasury Broker Commission Setup

2. On the **Treasury Broker Commission Setup** screen, click **New**.

3. On the **Treasury Broker Commission Setup** screen, specify the field details and then click **Enter Query**.

Table 1-9   Treasury Broker Commission Setup - Field Description

Field	Description
Rule ID	Specify a unique Rule ID for the Broker ID-brokerage currency-branch code-module code-clearing house/market combination.
Branch Code	Specify the branch code. The adjoining option list displays the branch codes maintained in the system. You can choose the appropriate one. You can choose 'ALL' if it is applicable for all branches.
Module Code	Specify the module code for which the maintenance is applicable. The adjoining option list displays the module codes maintained in the system. You can choose the appropriate one. You can choose 'ALL' if it is applicable for all modules.
Broker ID	Specify the required Broker ID. The adjoining option list displays the brokers maintained in the system. You can choose the appropriate one.
Brokerage CCY	Specify the brokerage currency. The adjoining option list displays the currencies maintained in the system. You can choose the appropriate one. You can choose 'CCY' if it is applicable for all currency deals.
Clearing House/Market	Specify the clearing house or market for the treasury broker. The adjoining option list displays the clearing houses (markets for trade) maintained in the system. You can choose the appropriate one. You can choose 'ALL' if it is applicable for all clearing houses. Only one rule can be maintained for a particular Branch code+Module Code+Broker ID+Brokerage CCY+ Clearing House/Market combination.
Description	Specify an appropriate description for the Rule

Table 1-9   (Cont.) Treasury Broker Commission Setup - Field Description

Field	Description
FX Rate Code	Specify the FX rate code to be used from the adjoining option list.
Rate Type	Select the rate type from the adjoining drop-down list. The list displays the following values: • **Mid** • **Buy** • **Sell**
Priority	Specify the priority for the rule. This needs to be a unique number. The system will not allow duplicate priority.
Product Type	Specify the product type. The adjoining option list displays the product types maintained in the system. You can choose the appropriate one. You can choose 'ALL' if it is applicable for all product types.
Product Code	Specify the product code for the instrument. The adjoining option list displays the relevant product codes. You can choose the appropriate one. You can choose 'ALL' if it is applicable for all product codes.
Instrument ID	Specify a valid Instrument ID. The adjoining option list displays the relevant Instrument IDs. You can choose the appropriate one. You can choose 'ALL' if it is applicable for all Instrument IDs.
Deal Type	Specify the deal type. The adjoining option list displays all deal types maintained in the system. You can select the appropriate one. The respective deal type is applied for deals booked in Long Short Deal screen and the Liquidation Deal screen.
Medium	Select the preference for medium from the adjoining drop-down list. The list displays the following values: • **Online** • **Voice Trade** • **ALL**
Trade Time	Select the trade time preference from the adjoining drop-down list. The list displays the following values • **After Hours Trade** • **Day Trade** • **ALL**
Broker Type	Select the broker type from the adjoining drop-down list. The list displays the following values: • **Clearing** • **Execution** • **Both**
Brokerage Basis	Select the basis to compute brokerage from the adjoining drop-down list. The list displays the following values: • Contract Amount • No. of Contracts • Premium Amount (Options Only)
Brokerage Type	Select the brokerage type from the adjoining drop-down list. The list displays the following options: • **Round Turn** • **Half turn** For Half-Turn Commission, all Long/ Short Deals and liquidation deals booked will process commission as part of 'EBOK' Event.

Table 1-9   (Cont.) Treasury Broker Commission Setup - Field Description

Field	Description
Pro-rate	Select the preference for split slab rule from the adjoining drop-down list. The list displays the following values: • **Yes** • **No** If 'Yes' is selected, the split slab rule is picked up and used for calculating the brokerage amount.
Active	Check this box to indicate that the Rule is active. If this box is unchecked, the sub-rule will not be picked up for calculation of brokerage.
Sequence Number	Specify the sub-rule sequence number
Effective Date	Specify the effective date for the rule
Basis From	Specify the starting amount for the slab
Basis To	Specify the ending amount for the slab
Fixed Rate	Specify the fixed rate to be used. If the brokerage is a combination of 'Fixed Amount + Fixed Percentage' then both 'Flat Amount' and 'Fixed Rate' should be specified.
Flat Amount	Specify the flat amount. If the brokerage is a combination of 'Fixed Amount + Fixed Percentage' then both 'Flat Amount' and 'Fixed Rate' should be specified.
Max Amount	Specify the maximum amount. While creating the record in this screen, Max amount is considered only for Flat amount.
Min Amount	Specify the minimum amount for the slab. While creating the record in this screen, Min amount is considered only for Flat amount.

You can also upload multiple rules into this screen using an excel.

For cross-currency deals where the deal currency and the rule currency are different, the system converts the deal amount into the rule currency amount to calculate brokerage. It uses the Rate Code and Rate Type maintained here to perform the conversion. If the rule has multiple slabs too, the system derives the slab using the Rate Code and Rate Type maintained here. If the deal currency and rule currency are different and the brokerage basis is No. of Contracts, the system does not allow currency conversion. This derivation for slabs and calculating brokerage is applicable for deal booking and deal liquidation.
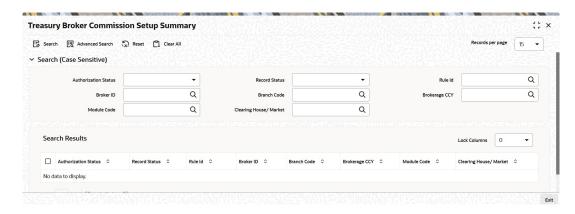
1.7 Treasury Broker Commission Setup Summary

This topic describes the systematic instruction to view Treasury Broker Commission details.

- On the Home page, type **TRSBKRUL** in the text box, and then click next arrow.

  The **Treasury Broker Commission Setup Summary** screen is displayed.

Figure 1-8   Treasury Broker Commission Setup Summary

On the **Treasury Broker Commission Setup Summary** screen, specify the field details and then click Search.

* **Authorization Status**

* **Record Status**

* **Rule ID**

* **Module Code**

* **Broker ID**

* **Brokerage CCY**

* **Branch Code**

* **Clearing House/Market**

1.8 Brokerage Liquidation

This topic describes the manual brokerage liquidation and accounting entries for brokerage liquidation.

The brokerage that is calculated on a contract is parked in a suspense account before it is paid to the broker. This account would be an internal account of the bank. It is specified at the time of defining the accounting roles and event-wise accounting entries for the product (which involves the contract on which brokerage is to be calculated). Accounting entries for brokerage liquidation are defined at the time of product definition, both, for booking, or, initiation and liquidation.

The brokerage payable account (the broker's account into which the actual brokerage for a particular deal is to be paid) is defined in the brokerage liquidation screen in the Settlements module. Although a broker may have to be paid brokerage on several deals, the manual liquidation function of the system consolidates these into a single settlement amount to be passed to the settlement account. The brokerage payment advice specified at the time of defining advices for a product can be triggered.

This section contain the following subtopics:

- [Liquidate the Brokerage Manually](#)
  This topic describes the systematic instructions to liquidate the brokerage payable manually.

- [Accounting Entries](#)
  This topic describes the systematic instructions to maintain accounting entries for brokerage liquidation.
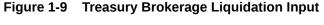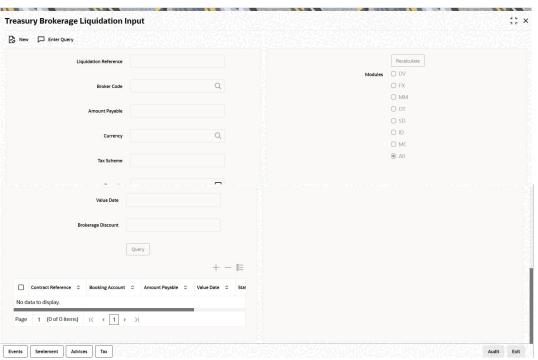
1.8.1 Liquidate the Brokerage Manually

This topic describes the systematic instructions to liquidate the brokerage payable manually.

In the below screen, you can opt to liquidate the consolidated brokerage (due from more than one contract) that is due to a broker. To liquidate the brokerage payable manually, do the following:

Specify the **User ID** and **Password**, and login to Homepage.

1. On the Homepage, enter **BRDLIQD** in the text field and then click the next arrow.

   The **Treasury Brokerage Liquidation Input** screen displays.

   Figure 1-9   Treasury Brokerage Liquidation Input

2. On the **Treasury Brokerage Liquidation Input** screen, specify the fields.

Table 1-10   Treasury Brokerage Liquidation Input - Field Description

Field	Description
Broker Code	Select the broker code for which brokerage is liquidated from the option list. To manually pay brokerage for various contracts, involving a specific broker, you have to specify the Broker Code of the individual concerned.
Value Date	Displays the value date of the Contracts.
Currency	Select from the option list, the currency in which the brokerage has to be paid to the broker.
Module	Choose the module for which the brokerage is being calculated. If you wish to calculate brokerage for all the modules, choose the All option. The date on which the brokerage is booked can be displayed in this screen. Brokerage is calculated for the following modules: • DV • FX • LD • MM • OT • SD • ID • MC
Liquidation Reference Number	Each broker code associates a liquidation reference number. The liquidation reference number is automatically generated by the system. This number is based on the event code (not on the product code) and is used to generate the transaction reference number for the liquidation. The particular broker code you have specified displays this number in this screen.
Tax Scheme	Indicates the tax scheme you have defined for the broker. The tax scheme applicable on the brokerage would be the scheme specified in the Broker Master Detail screen.
Amount Payable	Select the check box against each contract reference number to populate the total amount payable field in the screen. As and when you select a contract, the brokerage amount applicable to the contract gets added to the amount displayed in the Total Amount Payable field.
Brokerage Discount	Indicates the discount amount if any discounting is attached at the broker level.
Remarks	Specify some information about the broker confirmation which is internal to the bank. This is not printed on any correspondence with the counterparty.
Query	Click Query to view all the contracts for which brokerage is yet to be paid, after the required inputs are given.
Recalculate	Click Recalculate to fetch all contracts. If only a few contracts need to be liquidated then we can uncheck those contracts and recalculate the total amount field.
Tax	Click **Tax** in the Brokerage Liquidation Input screen to launch the Tax Details screen. In this screen you can view the tax details applicable on the contract.

Table 1-10 (Cont.) Treasury Brokerage Liquidation Input - Field Description

Field	Description
Settlements	Click **Settlement** to launch the Settlement Details screen in the Brokerage Liquidation Input screen.
Events	Click **Events** to launch the Event Details screen to view the events associated with brokerage liquidation.
Advices	Click **Advices** in the Brokerage Liquidation Input screen to view brokerage advices in the Contract Advices screen.

1.8.2 Accounting Entries

This topic describes the systematic instructions to maintain accounting entries for brokerage liquidation.
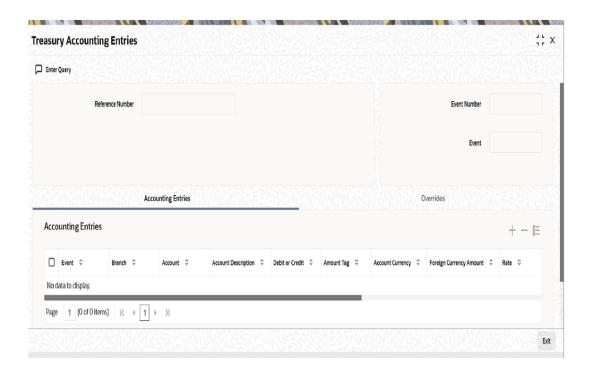
The brokerage payable account (the broker's account into which the actual brokerage for a particular deal is to be paid) is defined in the brokerage liquidation screen in the Settlements module. Although a broker may have to be paid brokerage on several deals, the manual liquidation function of the system consolidates these into a single settlement amount to be passed to the settlement account.

Specify the **User ID** and **Password**, and login to Homepage.

1. Click **Accounting Entries** in the **Events** screen.

   The **Accounting Entries** screen displays.

Figure 1-10   Accounting Entries

> ⓘ **Note**
>
> All fields with (*) symbol are mandatory.

2. In the **Accounting Entries** screen, specify the fields.

Table 1-11   Accounting Entries- Field Description

Field	Description
Reference Number	Displays the liquidation reference number.
Event Number	Displays the event number.
Event	Displays the event.

The below fields displays the Accounting Entries details in the screen:

- Event
- Branch
- Account
- Account Description
- Value date
- Account Currency
- Debit or Credit
- Transaction Code
- Foreign Currency Amount
- Local Currency Amount

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