Oracle® FLEXCUBE Investor Servicing

Allocation User Guide

Release 14.8.0.0.0
G31961-02
April 2025

Oracle FLEXCUBE Investor Servicing Allocation User Guide, Release 14.8.0.0.0

G31961-02

Contents

Preface

Oracle FLEXCUBE Investor Servicing is a comprehensive mutual funds automation software from Oracle® Financial Servicing Software Ltd.©.

You can use the system to achieve optimum automation of all your mutual fund investor servicing processes, as it provides guidelines for specific tasks, descriptions of various features and processes, and general information.

This topic contains the following sub-topics:

Purpose

You are intended to become familiar with the **Oracle Flexcube Investor Servicing** application through this guide. This guide offers responses to particular features and procedures that are necessary for the module to operate effectively.

Audience

This user guide is intended for the Fund Administrator users and System operators in the AMC.

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 customers that have purchased support have access to electronic support through My Oracle Support. For information, visit http://www.oracle.com/pls/topic/lookup?ctx=acc&id=info or visit http://www.oracle.com/pls/topic/lookup?ctx=acc&id=trs if you are hearing impaired.

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 ensure 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.

Conventions

The following text conventions are used in this document:

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 list of the acronyms and abbreviations used are as follows:

Table Acronyms and Abbreviations

Abbreviation	Description
CIF	Customer Information File
EOD	End of Day
EPU	Earnings per unit
FCIS	Oracle FLEXCUBE Investor Servicing

Table (Cont.) Acronyms and Abbreviations

Abbreviation	Description
FMG	The Fund Manager component of the system
FPADMIN	Oracle FLEXCUBE Administrator
GTA	Global Transfer Agency
ID	Identification
IHPP	Inflation Hedged Pension Plan
IPO	Initial Public Offering
LEP	Life and Endowment Products
LOI	Letter of Intent
NAV	Net Asset Value
REG	The Registrar component of the system
ROA	Rights of Accumulation
ROI	Return on Investment
SI	Standing Instructions
SMS	Security Management System
URL	Uniform Resource Locator
VAT	Value Added Tax
WAUC	Weighted Average Unit Cost

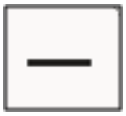
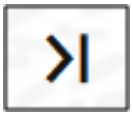
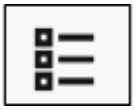
Symbols and Icons

This guide may refer to all or some of the following symbols and icons:

Table Symbols and Icons

Symbol/Icon	Function
	Lists all records maintained
	Minimize
	Maximize
	Close
	Perform Search

Table (Cont.) Symbols and Icons

Symbol/Icon	Function
	Open a list
	Select a Date
	Add a new row to enter details in a record.
	Delete a row, which is already added.
	Navigate to the first record
	Navigate to the last record
	Navigate to the previous record
	Navigate to the next record
	View a single record
	Sort the values in ascending or descending order
	Sort the values in ascending
	Sort the values in ascending

Basic Actions

Following are the basic actions of the screens that an user may require to perform on new or existing records in a screen.

Table Basic Actions

Action	Description
New	Used to add a new record. When the user click **New**, the system displays a new record enabling to specify the required data. **Note**: The fields, which are marked with an asterisk, are mandatory.
Copy	Used to copy the details of a record.
Close	Used to close a record. This action is available only when a record is created.
Unlock	Used to update the details of an existing record. System displays an existing record in editable mode.
Print	Used to print a record. This action is available only when a record is created.
Enter Query	Used to give details of a saved record in a detail screen. When the user click **Enter Query**, the system displays a saved record enabling to specify only the required or primary data.
Execute Query	User need to perform this after entering query. Click **Execute Query** after specifying the details of the record to be fetched, the system retrieves all the information of that particular record.
Audit	Used to view the maker details, checker details and report status.
Cancel	Used to cancel the performed action.
Save	Used to save the details entered or selected in the screen.
Refresh	Used to refresh the details selected in the screen.
Reset	Used to reset the fields to enter a new criteria.
Clear All	Used to clear all the data entered for search criteria.
Details	Used to navigate to Detail screen.
Search	Used to search either the details of a particular record or a list of records by querying particular field.
Advanced Search	Used to search details more precisely.
Approve	Used to approve the initiated report. This button is displayed, once the user click **Authorize**.
Authorize	Used to authorize the report created. A maker of the screen is not allowed to authorize the report. Only a checker can authorize a report, created by a maker.
Confirm	Used to confirm the performed action.
OK	Used to confirm the details in the screen.
Reject	Used to reject the report created. A maker of the screen is not allowed to authorize the report. Only a checker can reject a report, created by a maker.

Table (Cont.) Basic Actions

Action	Description
View	Used to view the report details in a particular modification stage. This button is displayed, once the user click **Authorize**.

Getting Help

Online help is available for all tasks. You can get help for any function or fields by clicking the help icon provided or by pressing **F1**.

Prerequisite

Specify **User ID** and **Password**, and log in to **Home Screen**.

1

Allocation Process

This topic provides information on allocation process.

After an investor transaction is authorized in the system, the units due to the investor in respect of the transaction must be accrued into the investor's account balance. All applicable charges must be applied in the process of this accrual.

Also, the data stores maintained for the fund must be updated with the units accrual.

The process of accruing the units in this manner is known as **allocation**. The units in respect of an investor transaction request are **allocated** in this process.

The allocation process is an integral part of the End of Day processes at the Fund Manager component. When the operator user at the Fund Manager executes the End of Day processes, any transaction requests that are eligible for allocation on the given business day are picked up for allocation, and the allocation process allocates the units in respect of each of them automatically.

For funds in which on-line allocation is available as defined in the **Transaction Processing Rules**, the allocation processes for any transactions into such funds are run upon authorization of the transaction.

Depending upon the necessity, the operator user at the Fund Manager component could also execute the allocation process for any type of transaction manually, for a fund or all funds, by choosing the appropriate menu item from the **End of Day** menu category.

This topic is divided into the following parts:

- The first pzrt contains information on how transactions are picked up for allocation, with specific reference to the different types of transactions.
- The second part contains a workflow, which outlines the sequence followed by the allocation process in the system.

This topic must be used in conjunction with the topics *Set up Funds* and *Set up Loads*.

- Allocation Method and Transaction Types
  This topic contains information on how transactions are picked up for allocation, with specific reference to the different types of transactions.
- Allocation of Redemption /Switch Transactions with Capital Gains Tax
  This topic explains allocation of Redemption /Switch transactions with Capital Gains Tax.
- Workflow of Allocation Process
  This topic outlines the sequence of events followed by the allocation process in the system.
- Process FCIS IPO Units Override
  This topic provides the systematic instruction to override allocated units for IPO transactions.
- Unitize Transactions during Book Closing Period
  This topic provides information about unitizing transactions occur during the book closing period.

- Unsettled Trades
  This topic explains maintenance activities and workflow on linking redemption transactions to settled/unsettled inflow transactions.

1.1 Allocation Method and Transaction Types

This topic contains information on how transactions are picked up for allocation, with specific reference to the different types of transactions.

- Automatic Allocation of Transactions
  This topic provides information about transactions that are automatically picked up.
- Trigger Manual Allocation through End of Day Menu
  This topic provides the systematic instructions to initiate manual allocation of units.
- IPO Transactions Allocation
  This topic provides information on IPO transactions allocation.
- Subscription Allocation
  This topic provides the information about subscription allocation.
- Redemption Allocation
  This topic provides the information about redemption allocation.
- Switch Allocation
  This topic provides information on switch allocation.
- Transfer Allocation
  This topic provides information on transfer allocation.
- Block Allocation
  This topic provides information on block allocation.
- Unblock Allocation
  This topic provides information on unblock allocation.
- Consolidation Allocation
  This topic provides information on consolidation allocation.
- Split Allocation
  This topic provides information on split allocation.
- Reissue Allocation
  This topic provides information on reissue allocation.
- Backdated Transactions Allocation
  This topic provides information on backdated transaction allocation.

1.1.1 Automatic Allocation of Transactions

This topic provides information about transactions that are automatically picked up.

The transactions that are automatically picked up by the End of Day processes for allocation on any business day include:

- Transactions entered and authorized the same day
- Backdated authorized transactions
- Transactions with mode of payment as cash
- Transactions with mode of payment as check / credit card/demand draft / transfer, where the payment instrument has been cleared and the clearing has been authorized on the given day

- All other transaction types

In a fund, if allocation of check / credit card / transfer payment transactions is designated to be treated on par with cash payment transactions, then the units in respect of transactions with these payment modes are allocated on a provisional basis on the same business day, even if the instrument is not cleared on that day.

The provisionally allocated units are then moved to the unit holder's confirmed unit balance on the day the instrument is cleared, and the clearing authorized.

Further, if so designated, the price reckoned for allocation of check payment transactions is the prevalent price on the date of clearing.

Price Lag
For both cash-based and non-cash based transactions, if a price lag has been defined for the transaction type in the Transaction Processing Rules, the price lag days are considered based on either the fund calendar or the actual calendar, depending upon the Price Lag Basis specification in the Transaction Processing Rules.

Allocation Lag
For all transactions, if an allocation lag has been defined for the transaction type in the Transaction Processing Rules, the allocation lag days are considered based on either the fund calendar or the actual calendar, depending upon the Allocation Lag Basis specification in the Transaction Processing Rules.

Consider the following example to understand the allocation lag:
The GROWTH fund has an allocation lag of 2 for IPO transactions. This means that the system should allot IPO transactions that are entered (or which have been entered with the transaction date) 2 days before the current system date. The allocation lag days are considered as of the Fund Calendar or the actual calendar, depending upon the allocation lag calendar basis defined in the Transaction Processing Rules for IPO transactions for the fund.

If the current system date is 15th of December 2002 and the allocation lag calendar basis is actual calendar, then all IPO transactions of GROWTH fund that were entered on or before 13th of December 2002 will be allotted. If the allocation lag for IPO Subscription transactions were 3 for GROWTH fund all transactions on or before 12th of December 2002 would be allotted.

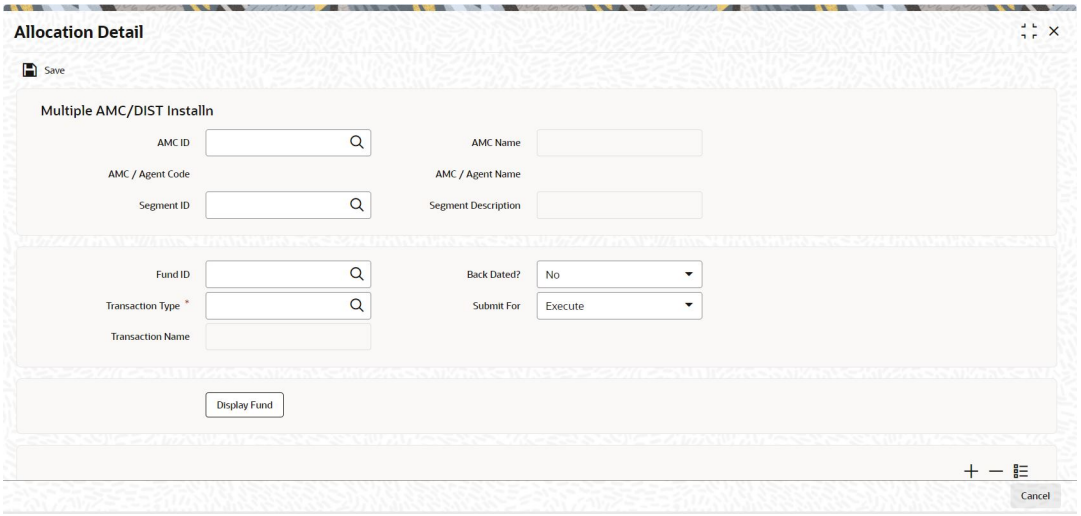
1.1.2 Trigger Manual Allocation through End of Day Menu

This topic provides the systematic instructions to initiate manual allocation of units.

1. On **Home** screen, type **UTDALLOC** in the text box, and click **Next**.

   The **Allocation Detail** screen is displayed.

Figure 1-1 Allocation Detail



2. Execute the allocation process manually for any type of transaction, for a fund or all funds by the operator at the Fund Manager component depending upon the necessity.
3. Click the appropriate menu item from the **End of Day** menu category.

   In case of **GTA Setup**, **Segment ID** is mandatory whereas for **Non-GTA setup** either **AMC code** or **Agent Code** must be entered.
4. You can trigger the allocation process in the **Allocation Detail** screen.

   The allocation process is initiated manually for any type of transactions. The type of transactions or funds can be as follows:

   - For all transactions of all types for a specific fund, a selection of funds, or all funds.
   - For a specific type of transaction for all funds, a selection of funds, or a single fund.
   - For backdated transactions of all types in all funds, a selection of funds, or a single fund.
   - For backdated transactions of a specific type in all funds, a selection of funds, or a single fund.
5. On **Allocation Detail** screen, click **New** to enter the details.

   For more information on fields, refer to the field description table.

Table 1-1 Allocation Detail - Field Description

Field	Description
AMC ID	*Alphanumeric; 100 Characters; Mandatory* Specify the AMC ID. Alternatively, you can select the AMC ID from the option list. The list displays all the valid AMC ID maintained in the system.
AMC Name	*Display* The system displays the AMC name for the selected AMC ID.
AMC / Agent Code	Specify the Agent Code. Alternatively, you can select the Agent Code from the option list. The list displays all the valid Agent Code maintained in the system.
AMC / Agent Name	The system displays the Agent name for the selected Agent Code.

Table 1-1 (Cont.) Allocation Detail - Field Description

Field	Description
Segment ID	*Alphanumeric; 12 Characters; Optional* Specify the Segment ID. Alternatively, you can select the Segment ID from the option list. The list displays all valid Segment IDs maintained in the system. **Note:** Segment ID is mandatory in **Global Transfer Agency(GTA)** Setup. In Non GTA Setup, Segment ID will be defaulted to value **FMG**.
Segment Description	*Display* The system displays the description of the selected Segment ID.
Fund ID	*Alphanumeric; 6 Characters; Mandatory* Specify the fund ID. Alternatively, you can select the fund ID from the option list. The list displays all the valid fund ID maintained in the system.
Transaction Type	*Alphanumeric; 3 Characters; Mandatory* Specify the transaction type. Alternatively, you can select the transaction type from the option list. The list displays all the valid transaction type maintained in the system.
Transaction Name	*Display* The system displays the transaction name for the selected transaction type.
Back Dated?	*Optional* Select if allocation is back dated or not from the drop-down list. The list displays the following values: • **Yes** • **No**
Submit For	*Optional* Select submit for details from the drop-down list. The list displays the following values: • **Process** • **Execute** Click the **Display Fund** button to view the fund details.
Fund ID	*Display* The system displays the fund ID.
Fund Name	*Display* The system displays the fund name.
Fund Identification Number	*Display* The system displays the fund identification number.
Select	*Optional* Select **Yes** or **No** from the drop-down list. The list displays the following options: • **Yes** • **No**

6. Select the transaction type in the **Transaction Type** field. You can select the ALL option to allocate transactions of all types.

   The list of funds maintained in the system is displayed.

7. You can select a fund in the list by checking the box alongside it. Click **Select All** link to select all funds.
8. Check the **Back Dated** box to indicate allocation of backdated transactions.
9. Click **Execute** when you have chosen the type of transaction to be allocated, and the fund.

> **Note**
>
> Menu allocation is not supported for the Dilution Levy Applicable funds

The job is submitted and the **Asynchronous Process** screen is opened. This screen indicates the current status of the allocation process. When complete, the system displays a completion message in the **Asynchronous Process** screen.

1.1.3 IPO Transactions Allocation

This topic provides information on IPO transactions allocation.

Select the option IPO Subscription in the **Transaction Type** of **Allocation Detail** screen to trigger the allocation of unallotted IPO transactions on a business day.

- Select this option to trigger the allocation process to allocate units in respect of unallotted IPO transactions, which fall within the allocation lag period defined for the fund in which the transaction was put through, in the **Transaction Processing Rules**.
- Also, you can select this option to trigger the allocation process to allocate units in respect of IPO check payment transactions, in funds wherein the allocation of check payment transactions is not treated on par with cash payment transactions.
- Further, select this option to allocate such transactions for which the check has been cleared on the application date, and the clearing status has been updated and authorized as **cleared**, on the application date.

Refer to the topic Workflow of Allocation Process for executing the allocation process.

For more information on IPO transactions allocation, refer to the field description table.

Table 1-2 IPO Transactions Allocation

IPO Transactions Allocation	Description
Certificate details	If the fund is scrip-based or if the unit holder requests for certificates in case of certificate optional funds, then the Certificate Numbers are also allotted for the IPO Subscription transaction. The certificates are issued based on the certificate denomination details defined in the Shares Characteristics, or as required by the unit holder. DNR numbers are also allotted for the generated certificates in case of non-fractional funds.
Amended IPO transactions	If an amended IPO Subscription is allocated, then the following changes are reflected after the allocation - first, the changes affected by the original IPO Subscription are reversed, and then the currently amended IPO Subscription is reallocated.

Table 1-2 (Cont.) IPO Transactions Allocation

IPO Transactions Allocation	Description
Reflection of allocated units in the system database	If the IPO transaction is successfully allocated through this option, the changes are reflected in the following data stores in the database: • The unit holder's balance in the fund • The unit holder counter updating for IPO transactions for the fund • The fund transaction counter updating for IPO transactions • The outstanding units for the fund • Loads (fee/incentive) between the various entities (fund manager - broker, unit holder, agent, etc.) are logged. • Fund certificate details updating, if the transaction is scrip based If any of these counter limits is exceeded or if any of the fund rules set up at the Fund Manager are violated then an error is logged against the subscription transaction. Confirmation of the IPO Subscription is made after the allocation is successfully completed.

> **Note**
>
> Only reversal is allowed for certificate based IPO Subscription transaction.

1.1.4 Subscription Allocation

This topic provides the information about subscription allocation.

Select the option Subscription in the **Transaction Type** of **Allocation Detail** screen to trigger the allocation of unallotted subscription transactions on a business day.

Select this option to start the following allocations:

- To start the allocation of unallotted subscription transactions on a business day.
- To allocate units in respect of unallotted subscription transactions, which fall within the allocation lag period defined for the fund in which the transaction was put through, in the **Transaction Processing Rules**.
- To start the allocation process to allocate units in respect of subscription check payment transactions, in funds wherein the allocation of check payment transactions is not treated on par with cash payment transactions.
- To allocate such transactions for which the check has been cleared on the application date, and the clearing status has been updated and authorized as **cleared**, on the application date.
- To start the allocation of investment (both initial and additional investment) IRA transactions into the fund.

While allocating subscription transactions, the system will pick the exchange rate defined by you in the **Exchange Rate Maintenance Detail** screen for the FX Deal Date and FX Value Date combination. If this combination is unavailable, the allocation will fall through. However, for allocation projection, the system will use the FX Spot Rate.

For example, assume that on January 19, 2010, a user has input both spot and forward rates for January 20, January 21 and January 22, 2010. If the FX Deal date for the transaction is

January 19, 2010 and the FX Value Date is January 21, 2010, then for both allocation and projection the exchange rate with deal date as 19 January and value date as 21 January will be used.

If a transaction has FX Deal date as January 19, 2010 and FX Value Date as January 23, 2010, the allocation will not happen since the exchange rate for the combination is not available in the system. However, the allocation projection will use the spot rate (FX Deal and FX Value dates as on January 19, 2010).

Refer Workflow of Allocation Process for executing the allocation process.

For more information on Subscription allocation, refer to the field description table.

Table 1-3 Subscription Allocation

Subscription Allocation	Description
Certificate details	If the fund is scrip-based or if the unit holder requests for certificates in case of certificate optional funds, then the Certificate Numbers are also allotted for the subscription transaction. The certificates are issued based on the certificate denomination details defined in the Shares Characteristics, or as required by the unit holder. DNR numbers are also allotted for the generated certificates in case of non-fractional funds.
Amended subscription transactions	If the fund is scrip-based or if the unit holder requests for certificates in case of certificate optional funds, then the Certificate Numbers are also allotted for the subscription transaction. The certificates are issued based on the certificate denomination details defined in the Shares Characteristics, or as required by the unit holder. DNR numbers are also allotted for the generated certificates in case of non-fractional funds.
Reflection of allocated units in the system database	If the subscription transaction is successfully allocated through this option, the changes are reflected in the following data stores in the database: • The unit holder's balance in the fund • The unit holder counter updating for subscription transactions for the fund • The fund transaction counter updating for subscription transactions • The outstanding units for the fund • Loads (fee/incentive) between the various entities (fund manager - broker, unit holder, agent, and so forth) are logged • Fund certificate details updating, if the transaction is script based If any of these counter limits is exceeded or if any of the fund rules set up at the Fund Manager are violated then an error is logged against the subscription transaction. Confirmation of the subscription transaction is made after the allocation is successfully completed.

Note

Only reversal is allowed for certificate based subscription transaction.

1.1.5 Redemption Allocation

This topic provides the information about redemption allocation.

Select the option Redemption in the **Transaction Type** of **Allocation Detail** screen to trigger the allocation of unallotted or partially allotted redemption transactions on a business day.

- Select this option for funds in which the check writing facility has been allowed, and to allocate any redemption transactions in respect of redemption checks issued using the check writing facility availed by a unit holder in the fund.
- Select this option if the fund is part of a portfolio of a product to trigger the allocation of withdrawal (both partial and complete) IRA transactions into the fund.

While allocating redemption transactions, the system will pick the exchange rate defined by you in the **Exchange Rate Maintenance Detail** screen for the FX Deal Date and FX Value Date combination. If this combination is unavailable, the allocation will fall through. However, for allocation projection, the system will use the FX Spot Rate.

Refer Workflow of Allocation Process for executing the allocation process.

For more information on Redemption allocation, refer to the field description table.

Table 1-4 Redemption Allocation

Redemption Allocation	Description
Certificate details	If the fund is scrip based or if the unit holder redeems out of issued balance in certificate optional funds, then Certificate Numbers and DNR numbers are also affected by the redemption transaction. The amount of the certificates entered should be greater or equal to the units that have to be redeemed. In case the units are greater only one of the certificates can be redeemed partially.
Amended redemption transactions	If an amended redemption is allocated then the following changes are reflected after the allocation - first, the changes affected by the original redemption are reversed and the current amended redemption is reallocated.
Reflection of allocated units in the system database	If the redemption transaction is successfully allocated through this menu item, the changes are reflected in the following data stores in the database: • The unit holder's balance in the fund • The unit holder counter updating for redemption transactions for the fund • The fund transaction counter updating for redemption transactions • The outstanding units for the fund • Loads (fee/incentive) between the various entities (fund manager - broker, unit agent, etc.) are logged • Fund certificate details updating, if the transaction is scrip based If any of these counter limits is exceeded or if any of the fund rules set up at the Fund Manager are violated then an error is logged against the redemption transaction. If the redeemable units for the transaction is greater than the unit holder balance in the fund then the transaction is rejected by the allocation process. Confirmation of the redemption transaction is made after the allocation is successfully completed. **Note:** While validating the amount involved in a redemption transaction, the system checks to ensure that the amount of the redemption does not exceed the free amount of holdings held by the investor across funds. The free amount holdings is that portion of the holdings that is not blocked across funds, by way of amount block or multiple amount block transactions.

Table 1-4 (Cont.) Redemption Allocation

Redemption Allocation	Description
Allocation of check writing transactions	When a check redemption transaction is allocated, the system validates the following: • Availability of sufficient balance in the investor's holdings in the fund. If the balance is insufficient, the check is not processed, and the allocation fails. • The period for which the original purchase (which is being redeemed through the check) has been held. If the holding period is less than the holding period defined in the fund rules for check redemptions, then the check is not processed, and the allocation fails. If the allocation fails due to failure of either validation mentioned above, or due to any other error, the check is marked with the status **Allocation Failed**. The details of the failure of the allocation are recorded in the system database. You can set up a report through the **Interface Definition**, to view or print the details. In the event of failure of allocation of any check redemption transactions during the course of a business day, the system displays a message indicating the same, and prompting you to obtain a report, during the pre-end of day checks.
Allocation of amended check writing transactions	If a check redemption transaction is amended before allocation, the validations made during allocation of such transactions, which are mentioned in the previous section, are performed by the system as usual. If amended after allocation, the status of the check is marked as **Processed**, and the validations during allocation are performed, as usual. If the amount of the transaction is amended to a **zero** or **null value**, the status of the check is marked as **Invalid Amt**, during allocation.

> **Note**
>
> Only reversal is allowed for certificate based redemption transaction.

1.1.6 Switch Allocation

This topic provides information on switch allocation.

Select the option Switch in the **Transaction Type** of **Allocation Detail** screen to trigger the allocation of unallotted or partially allotted switch transactions on a business day.

In the case of switch allocation, the following steps are followed:

1. First a **Switch From** allocation is done for the fund from where the units are being switched for the given unit holder. This allocation considers the switch from as a normal redemption transaction by net amount / units.
2. Then, a **Switch To** allocation is made for the fund into which the units are being switched for the given unit holder. This allocation is done on the basis of a normal subscription allocation by gross amount.
3. Both the above transactions are system generated based on the switch transaction that has been entered into by the user.

If the switch transaction being allocated is a pseudo-switch, the system will pick the exchange rate defined by you in the **Exchange Rate Maintenance Detail** screen for the FX Deal Date and FX Value Date combination. If this combination is unavailable, the allocation will fall through. However, for allocation projection, the system will use the FX Spot Rate.

Refer Workflow of Allocation Process for executing the allocation process.

Refer Subscription Allocation for more details.

For more information on Switch allocation, refer to the field description table.

Table 1-5 Switch Allocation

Switch Allocation	Description
Certificate details	If the fund is scrip based or if the unit holder switches out of issued balance in certificate optional funds then Certificate Numbers and DNR numbers are also affected by the switch transaction. The amount of the certificates entered for the switch should be greater or equal to the units that have to be redeemed from the switched out fund. In case the units are greater only one of the certificates can be switched partially.
Amended switch transactions	If an amended switch is allocated then the following changes are reflected after the allocation - first, the changes affected by the original switch are reversed and the current amended switch is reallocated.
Reflection of allocated units in the system database	If the switch transaction is successfully allocated through this menu item, the changes are reflected in the following data stores in the database: • The unit holder's balance in the fund • The unit holder counter updating for redemption transactions for the fund • The fund transaction counter updating for redemption transactions • The outstanding units for the fund • Loads (fee/incentive) between the various entities (fund manager - broker, unit holder, agent, etc.) are logged • Fund certificate details updating, if the transaction is scrip based If any of these counter limits is exceeded or if any of the fund rules set up at the Fund Manager are violated then an error is logged against the switch transaction. If the switched units for the transaction is greater than the unit holder balance in the fund then the transaction is rejected by the allocation process. Confirmation of the switch transaction is made after the allocation is successfully completed.

> **Note**
>
> Only reversal is allowed for certificate based switch transaction.

1.1.7 Transfer Allocation

This topic provides information on transfer allocation.

Select the option Transfer in the **Transaction Type** of **Allocation Detail** screen to trigger the allocation of unallotted transfer transactions on a business day.

Refer Workflow of Allocation Process for executing the allocation process.

For more information on Transfer allocation, refer to the field description table.

Table 1-6 Transfer Allocation

Certificate details	Description
Certificate details	If the fund is scrip based or if the unit holder transfers out of issued balance in certificate optional funds, the certificates are reissued in the name of the unit holder to whom it is being transferred if the transferee opts for certificates. The reassigned certificates can be printed using the **Certificate Printing** option in the Browser menu.
Amended transfer transactions	If an amended transfer is allocated then the following changes are reflected after the allocation - first, the changes affected by the original transfer are reversed and the current amended transfer is reallocated.
Reflection of allocated units in the system database	If the transfer transaction is successfully allocated through this menu item, the changes are reflected in the following data stores in the database: • The unit holder's balance in the fund • The unit holder counter updating for transfer transactions for the fund • The fund transaction counter updating for transfer transactions • The outstanding units for the fund • Loads (fee/incentive) between the various entities (fund manager - broker, unit holder, agent, etc.) are logged • Fund certificate details updating, if the transaction is scrip based If any of these counter limits is exceeded or if any of the fund rules set up at the Fund Manager are violated then an error is logged against the transfer transaction. Confirmation of the transfer transaction is made after the allocation is successfully completed.

> **Note**
>
> Only reversal is allowed for certificate based transfer transaction.

1.1.8 Block Allocation

This topic provides information on block allocation.

Select the option Block in the **Transaction Type** of **Allocation Detail** screen to trigger the allocation of unallotted block transactions on a business day.

Refer Workflow of Allocation Process for executing the allocation process.

For more information on Block allocation, refer to the field description table.

Table 1-7 Block Allocation

Block Allocation	Description
Certificate details	If the fund is scrip based or if the unit holder blocks units out of issued balance in certificate optional funds, then the certificates are marked as blocked and cannot be used for further transaction until they are unblocked. For certificate option funds, where certificates are designated as required for block transactions in the fund rules, the allocation of the block transaction will result in certificate generation.
Reflection of allocated units in the system database	If the block transaction is successfully allocated through this menu item, the changes are reflected in the following data stores in the database: • The unit holder's balance in the fund • The unit holder counter updating for block transactions for the fund • The fund transaction counter updating for block transactions • The outstanding units for the fund • Loads (fee/incentive) between the various entities (fund manager - broker, unit holder, agent, etc.) are logged • Fund certificate details updating, if the transaction is scrip based If any of these counter limits is exceeded or if any of the fund rules set up at the Fund Manager are violated then an error is logged against the block transaction. Confirmation of the block transaction is made after the allocation is successfully completed.

> **Note**
>
> Amendment of a block transaction is not allowed.

1.1.9 Unblock Allocation

This topic provides information on unblock allocation.

Select the option Unblock in the **Transaction Type** of **Allocation Detail** screen to trigger the allocation of unallotted unblock transactions on a business day.

Refer Workflow of Allocation Process for executing the allocation process.

For more information on Unblock allocation, refer to the field description table.

Table 1-8 Unblock Allocation

Unblock Allocation	Description
Certificate details	If the fund is scrip based or if the unit holder unblocks units out of issued balance in certificate optional funds, then the certificates are marked as unblocked and can be used for further transaction. For certificate option funds, where certificates are designated as required for block transactions in the fund rules, the allocation of the block transaction will result in certificate generation.

Table 1-8 (Cont.) Unblock Allocation

Unblock Allocation	Description
Reflection of allocated units in the system database	If the unblock transaction is successfully allocated through this menu item, the changes are reflected in the following data stores in the database: • The unit holder's balance in the fund • The unit holder counter updating for unblock transactions for the fund • The fund transaction counter updating for unblock transactions • The outstanding units for the fund • Loads (fee/incentive) between the various entities (fund manager - broker, unit holder, agent, etc.) are logged • Fund certificate details updating, if the transaction is scrip based If any of these counter limits is exceeded or if any of the fund rules set up at the Fund Manager are violated then an error is logged against the unblock transaction. Confirmation of the unblock transaction is made after the allocation is successfully completed.

> **Note**
>
> Amendment of an unblock transaction is not allowed.

1.1.10 Consolidation Allocation

This topic provides information on consolidation allocation.

Select the option Consolidation in the **Transaction Type** of **Allocation Detail** screen to trigger the allocation of unallotted consolidation transactions on a business day.

Refer Workflow of Allocation Process for executing the allocation process.

For more information on Consolidation allocation, refer to the field description table.

Table 1-9 Consolidation Allocation

Consolidation Allocation	Description
Certificate details	The certificate numbers are also affected by the consolidation transaction. The certificates are consolidated based on the certificate denomination details defined in the fund rules or as requested by the unit holder and a single certificate is issued for the units consolidated.

Table 1-9 (Cont.) Consolidation Allocation

Consolidation Allocation	Description
Reflection of allocated units in the system database	If the consolidation transaction is successfully allocated through this menu item, the changes are reflected in the following data stores in the database: • The unit holder counter updating for consolidation transactions for the fund • The fund transaction counter updating for consolidation transactions • Loads (fee/incentive) between the various entities (fund manager - broker, unit holder, agent, etc.) are logged • Fund certificate details updating, if the transaction is scrip based If any of these counter limits is exceeded or if any of the fund rules set up at the Fund Manager are violated then an error is logged against the consolidation transaction. Confirmation of the consolidation transaction is made after the allocation is successfully completed.

> **Note**
>
> Amendment of a consolidation transaction is not allowed.

1.1.11 Split Allocation

This topic provides information on split allocation.

Select the option Split in the **Transaction Type** of **Allocation Detail** screen to trigger the allocation of unallotted split transactions on a business day.

Refer Workflow of Allocation Process for executing the allocation process.

For more information on Split allocation, refer to the field description table.

Table 1-10 Split Allocation

Split Allocation	Description
Certificate details	The certificate numbers and DNR numbers are also affected by the split transaction. The certificates are issued based on the certificate denomination details as defined in the fund rules or as requested by the unit holder. Now the single certificate will be split into multiple ones based on the denomination.

Table 1-10 (Cont.) Split Allocation

Split Allocation	Description
Reflection of allocated units in the system database	If the split transaction is successfully allocated through this menu item, the changes are reflected in the following data stores in the database: • The unit holder counter updating for split transactions for the fund • The fund transaction counter updating for split transactions • Loads (fee/incentive) between the various entities (fund manager - broker, unit holder, agent, etc.) are logged • Fund certificate details updating, if the transaction is scrip based If any of these counter limits is exceeded or if any of the fund rules set up at the Fund Manager are violated then an error is logged against the split transaction. Confirmation of the split transaction is made after the allocation is successfully completed.

> **Note**
>
> Amendment of a split transaction is not allowed.

1.1.12 Reissue Allocation

This topic provides information on reissue allocation.

Select the option Reissue in the **Transaction Type** of **Allocation Detail** screen to trigger the allocation of unallotted reissue transactions on a business day.

Refer Workflow of Allocation Process for executing the allocation process.

For more information on Reissue allocation, refer to the field description table.

Table 1-11 Reissue Allocation

Reissue Allocation	Description
Certificate details	The certificate numbers and DNR numbers are also affected by the reissue transaction. The certificates are reissued based on the certificate denomination details as defined in the fund rules or as requested by the unit holder, or as per the earlier issue.

Table 1-11 (Cont.) Reissue Allocation

Reissue Allocation	Description
Reflection of allocated units in the system database	If the reissue transaction is successfully allocated through this menu item, the changes are reflected in the following data stores in the database: • The unit holder counter updating for reissue transactions for the fund • The fund transaction counter updating for reissue transactions • Loads (fee/incentive) between the various entities (fund manager - broker, unit holder, agent, etc.) are logged • Fund certificate details updating, if the transaction is scrip based If any of these counter limits is exceeded or if any of the fund rules set up at the Fund Manager are violated then an error is logged against the reissue transaction. Confirmation of the reissue transaction is made after the allocation is successfully completed.

> **Note**
>
> Amendment of a reissue transaction is not allowed.

1.1.13 Backdated Transactions Allocation

This topic provides information on backdated transaction allocation.

Select the option **Yes** in **Back Dated** field of the **Allocation Detail** screen to allocate transactions that have backdating allowed as defined in the fund rules for the fund in which the transaction is being put through.

All the transactions that have been entered into on the current application date with transaction date earlier than the same can be allocated through this function. The date of transaction should be within the limit specified for back dating as defined in the **Transaction Processing Rules** for the fund, or as set up for the agency branch / transaction type in the backdating table. This will take the transaction price of that date as effective for the given transaction.

Refer Workflow of Allocation Process for executing the allocation process.

The allocation procedure is the same as the normal allocation process for the given transaction type. All the updating will be effected as of the date of allocation for the given transaction.

> **Note**
>
> For Allocation Multi-Threading process a new parameter **ALLOCHUNKSIZE** is been added with default value 999999 business can modify to any valid values.

1.2 Allocation of Redemption /Switch Transactions with Capital Gains Tax

This topic explains allocation of Redemption /Switch transactions with Capital Gains Tax.

This topic contains the following sub-topics:

- Capital Gains Tax as a post-allocation load in the system
  This topic explains how to define Capital Gains Tax as a load in the system
- Indexation for Capital Gains Tax
  This topic explains the indexation for Capital Gains Tax.

1.2.1 Capital Gains Tax as a post-allocation load in the system

This topic explains how to define Capital Gains Tax as a load in the system

You can define the Capital Gains Tax as a load in the system, through the **Load Maintenance** screen, in the Maintenance menu category of the Fund Manager component. You must then associate the load with the funds for which capital gains tax must be deemed as applicable, through the **Fund Load Setup** screen in the Data Entry menu category of the Fund Manager component.

The Capital Gains Tax is computed and deducted at source from the Redemption or Switch out proceeds, and the balance paid out as the final redemption or switch out amount payable to the investor.

The capital gains from a redeemed or switched transaction is computed in the system as the difference between the buying price of the subscription transaction that is redeemed, and the selling price of the redemption or switched transaction.

The buy price is computed as the sum of actual subscription amount and the loads (typically commissions, entry fees, initial charges and so on as applicable).

The sell price is computed as the actual redemption amount (and, if the investor chooses to redeem by units, the product of number of units applied for and the base price for the transaction) from which all the loads (exit fees, and so on, as applicable) have been deducted.

The following empirical expressions could be considered:

Capital Gains = Selling Price – Buying Price, where

Selling Price = Actual Redemption Amount – All applicable exit charges

And

Buying Price = Subscription Amount + All applicable initial charges and commissions

A database (backend) procedure in the system computes the Capital Gains applicable for each redemption or switch transaction after it is allocated.

The capital gains tax applicable on the computed capital gains is calculated, and the same is reduced from the net amount that proceeds from the redemption or switch transaction to the unit holder.

In the following transaction cycles, that involve more than a single subscription – redemption transaction scenario, capital gains tax is calculated for each individual leg and then the sum of all the computed tax values is reduced from the net proceeds from each redemption transaction.

- Multiple subscription transactions redeemed together
- A single subscription redeemed through multiple redemption transactions
- An initial subscription transferred to a different Unit holder who then redeems the same
- An initial subscription switched to a different fund from which it is subsequently redeemed

- An initial subscription is switched to a different fund

For switch transactions, as shown in the example, the Capital Gains Tax is deducted in a manner similar to that in redemption transactions. The switch is considered as a redemption transaction from one fund and subscription into another. Therefore, the relevant acquisition cost of the subscription is from the switched out amount to arrive at the Capital Gains. The associated Capital Gains Tax is reduced from the switched out proceeds to arrive at the switched in amount. This is reckoned as the subscription amount in the switched in fund.

1.2.2 Indexation for Capital Gains Tax

This topic explains the indexation for Capital Gains Tax.

The unit holder may opt for indexation to be applicable to capital gains computations. If so, you can indicate it in the unit holder account profile.

The capital gains from a redeemed or switched transaction is computed in the system as the difference between the buying price of the subscription transaction that is redeemed, and the selling price of the redemption or switched transaction.

Indexation involves a certain factor being applied on the capital gains, so as to arrive at the basis amount on which the capital gains tax is computed.

The basis, upon which the capital gains tax is applied, is computed using the empirical expressions:

For capital gains loads on gross amount, as specified in the Fund Load Setup,

CG = UA(PL - (UAC*(PI/AI))

For capital gains loads on net amount, as specified in the Fund Load Setup,

CG = UA(RTBP - (ATBP*(PI/AI))

Where,

- **CG** represents the income or capital gains (after indexation) based on which the capital gains tax is computed.
- **UA** represents the number of allotted redemption units.
- **PL** represents the redemption price inclusive of loads.
- **UAC** represents the acquisition cost of each unit that is being redeemed.
- **PI** represents the indexation value for the present year.
- **AI** represents the indexation value for the year of acquisition.
- **ATBP** represents the base price of the transaction through which the redeemed units were first acquired through a subscription or IPO.
- **RTBP** represents the base price of the redemption transaction through which the units.

1.3 Workflow of Allocation Process

This topic outlines the sequence of events followed by the allocation process in the system.

When you perform the allocation process in the system, the sequence of events you need to follow for each transaction are described below:

1. Identify the applicability of any loads associated with the fund and transaction type
2. Compute the basis for application of the loads

3. Arrive at the load return values and load amounts
4. Compute allotted units(Arrive at the number of units allotted for each transaction after applying the loads)

This topic contains the following sub-topics:

- Identify Applicability of Loads
  This topic provides the instructions to identify the criteria of applicability of Loads.
- Compute Basis for Applying Loads
  This topic provides the instructions to compute the basis values.
- Arrive at Load Return Value and Load Amounts
- Compute Allotted Units
  This topic provides the instructions to compute the allotted units.

1.3.1 Identify Applicability of Loads

This topic provides the instructions to identify the criteria of applicability of Loads.

Criteria-based loads

In the Fund Load Setup for any fund, any loads that are deemed to be applicable for a transaction are associated with the fund.

Some of the associated loads may be criteria-based loads, which would be applicable only if the criteria are satisfied.

Any such associated loads, for which the criteria of applicability is satisfied, and that are defined as to be processed at the time of allocation are identified by the allocation process at this stage, for the fund the transaction type and the transaction reference type as of the transaction date.

Overridden loads

If any of the applicable loads has been overridden after the transaction was authorized, (through the Transaction Load Override facility) the overridden values are picked up.

1.3.2 Compute Basis for Applying Loads

This topic provides the instructions to compute the basis values.

After obtaining the loads that must be applied, the process then computes the basis upon which the load return value may be arrived at. The basis could be an amount, number of units or a number of days. The actual return value of the loads, as applicable, will be computed on this basis value.

In arriving at the basis values, the process makes the following validations:

Table 1-12 Conditions and Validations

Conditions	Validations
Letter of Intent transactions	If the transaction is designated as a Letter of Intent transaction for the investor, the basis computation is as follows: Basis Amount = LOI Amount Basis Units = Basis Amount / Transaction Base Price for the transaction type on transaction date. This validation is made only for IPO, subscription and switch-in transactions where the nature of the investment is in transactions.
Rights of Accumulation load	If the load is cumulative, and the investor is an ROA (Rights of Accumulation) investor, the basis amount is computed according to the option chosen by the AMC for interpretation of the history of investment of the ROA investor. The total holdings of the investor in the fund or load group are considered to arrive at the basis amount. If the ROA load is designated as applied at a CIF level, then the total holdings of all investors of the CIF, in the fund or load group are considered. Basis Units = Basis Amount / Transaction Base Price for the transaction type on transaction date.
Basis Definition Loads	If the load is a basis load as defined in the **Basis Definition** screen, then the basis values (i.e., the basis units or basis days) are taken from the definition made in that screen for the load. In such a case, Basis Amount = Basis Units * Transaction Base Price for the transaction type on the transaction date.
Ageing Loads	If the load is period-based (i.e., ageing) load, Basis Amount = Transaction Amount Basis Units = Basis Amount / Transaction Base Price for the transaction type on transaction date. This validation is made only for redemption and switch-out transactions, which are out transactions.
Gross-based transactions for which the load slab definition is on a net basis	For gross transactions, where the load slabs applicable are defined on a net basis, the process recalculates the basis amount to reflect the same.
Normal loads	If all the above conditions are not present, then the load is a normal load, and the basis is computed as follows: Basis Amount = Transaction Amount Basis Units = Basis Amount / Transaction Base Price for the transaction type on transaction date.

The process then proceeds to identify the loading slab and compute the actual applicable return value after the Basis Amount and Basis Units are known.

1.3.3 Arrive at Load Return Value and Load Amounts

Arriving at the Return Value

Using the Basis Amount and the Basis Units, the actual applicable return values and load amounts are calculated by the allocation process.

The return value is calculated using the load calculation method defined for the load. This could be Slab Basis, Weighted Average or Linear Interpolation.

For ageing loads, the return value is arrived at by considering the link transaction that is being aged.

While arriving at the return value, the allocation process also validates for the following:

- Any allocation loads that were overridden at the time of transaction entry
- Any deals maintained for the unit holder that has entered into the transaction, or for the CIF customer account, for the fund or load group.
- Any return value details maintained for the load in the Load Details record.

The actual return value could be either a percentage figure or an amount.

Table 1-13 Conditions and Validations

Conditions	Validations
Price-add In for LTP (loaded to price) loads	If the installation has a **price add-in** definition, the return value for loaded to price loads is interpreted further using the expression Return Value = b / {1 – b - bc} where b = return value (without the add-in factor), and c = the applicable VAT percentage, if any. The return value that results from the above expression is used as the final return value.
Price-add in for NLTP (not loaded to price loads)	If the installation has a **price add-in** definition, the return value for loads independent of price is interpreted further using the expression Return Value = b / {1 + b + bc} where b = return value (without the add-in factor), and c = the applicable VAT percentage, if any. The return value that results from the above expression is used as the final return value.
Price Add-on for loads	If the installation has a **price add-on** definition, the return values arrived at after applying the load calculation method (either Slab Basis, Weighted Average or Linear Interpolation) need not be interpreted further, and are considered the final return values.
Arriving at the load amounts	After the final return values are computed as explained earlier, the load amounts are arrived at by applying the return values as follows: For loads with the return value as a percentage: • **Loaded to price (LTP) loads:** The return value is applied on the base price for the transaction type on the transaction date to arrive at the load factor that when multiplied with the units allotted gives the load amount. • **Not loaded to price (NLTP):** The return value is applied on the transaction amount to arrive at the load amount. For loads with the return value as an amount: • **Loaded to price loads:** The return value (amount) is deemed as the load amount. This amount will be added to / subtracted from the transaction base price when the computation of units allotted is done. • **Not loaded to price:** The return value (amount) is deemed as the load amount. This amount will be added to / subtracted from the transaction amount when the computation of units allotted is done.
Capital Gains Tax as an allocation time load	If the Capital Gains Tax is defined as an allocation time load and is applicable for the transaction, it is applied on the price as follows: The average cost of units held by the unit holder in the fund is calculated. If this is lower than the base price of the transaction (net of all other loads), the CGT is applied on the difference.

Table 1-13 (Cont.) Conditions and Validations

Conditions	Validations
Load amounts for CDSC loads	In the case of **Contingent Deferred Sales Charge (CDSC)** loads, the loading is based on the order of computation defined for the fund in the General Operating Rules, of the following: • Units resulting from dividend reinvestments • Units in respect of which the unit holder has received a market appreciation • Units subject to FIFO (first in first out) allocation policy, according to the setup for the fund For reinvestment units, the load applied is always zero. Loads are applied on units in the other two categories based on the order of processing defined for the fund.
CDSC Computation	**FCIS** allows you to compute the **Contingent Deferred Sales Charge (CDSC)** in one of three ways; • **Lower of Cost or Market Value (LOCOM)** • Market Price (Market appreciation method and Class B (CDSC Class B method) • Redemption Value Refer to the topic Contingent Deferred Sales Charge (CDSC) Computation Method for computation methods on CDSC.
Rounding off the load amounts	For LTP load amounts, the rounding rules defined in the Fund Load Setup for the fund are applied, to arrive at the rounded-off load amount. For NLTP load amounts, the currency rounding rules are applied to arrive at the rounded-off load amount. The VAT amounts are also computed and rounded off as follows: For LTP loads, VAT amount = Vat percentage * rounded-off load amount. The rounding rules defined in the Fund Load Setup for the fund are applied, to arrive at the rounded-off VAT amount For NTLP loads, VAT amount = Vat percentage * rounded-off load amount. The currency rounding rules are applied, to arrive at the rounded-off VAT amount
The final load amount	The final load amount is arrived at by summing the rounded-off load amounts and the rounded-off VAT amounts.

Applying entry-time loads for outflow transactions

Typically, during allocation of outflow transactions such as redemption, switch out and transfer, when the loads are being computed, the system applies load values that are current at the time of the exit transaction. You can, however, configure the system to apply those load values that were prevalent at the time of initiation of the inflow transaction that is being aged. These are known as entry-time loads. If you have opted for entry-time loads, you would have indicated this in the Transaction Processing Rules for the fund.

For details, refer topic *Setting Up Fund Rules II* of *Fund Setup* User Manual.

The example given below illustrates how entry-time loads are applied.

For example, your AMC floats the Citadel Growth Fund, effective from 1st January 2002 (the Rule Effective Date), with the following exit charges:

Table 1-14 Rule Effective Date with exit charges

Days Slab	Return Value (Percentage)
1 – 30 days	3%
30 – 60 days	2%
60 – 90 days	1%
> 90 days	0%

Holdings in the fund are aged on a FIFO (first in, first out) basis.

With effect from 1st March 2002, you change the exit charges for the fund, as follows:

Table 1-15 Rule Effective Date with exit charges

Days Slab	Return Value (Percentage)
1 – 30 days	2.5%
30 – 60 days	1.5%
60 – 90 days	0.5%
> 90 days	0%

Holdings in the fund continue to be aged on a FIFO (first in, first out) basis.

Mrs. Catherine Crenshaw, a unit holder in your AMC, subscribes into the Citadel Growth Fund through the following subscription transactions:

- Through subscription S1, on 10th January 2002, 1000 units
- Through subscription S2, on 25th February 2002, 2500 units
- Through subscription S3, on 5th March 2002, 1400 units

Mrs. Crenshaw redeems her investment in the Citadel fund to the tune of 1800 units, on 20th March 2002. Since holdings are aged on FIFO basis for the Citadel fund, 1000 units from subscription S1 and 800 units from subscription S2 would be validated for exit fee computation.

Taking the rule effective from 1st March 2002 into account, since it is the current rule, 0.5% exit fees will be applied on S1 and 2.5 % will be applied on the 800 units.

However, Mrs. Crenshaw requests that the exit fees that were prevalent on the date she subscribed into the fund, through S1 and S2, be applied. This would mean applying the exit fees applicable for the rule effective from 1st January 2002 to 1st March 2002. Therefore, 1% exit fees will be applied on S1 and 3% exit fees will be applied on the 800 units of S2.

Again, on 01st April 2002, Mrs. Crenshaw redeems another 2000 units. If she opts for entry time loads, 1700 units of S2 will be redeemed with 2% exit fees and 2.5% of exit fees will be applied on the 300 units of S3, according to the rule effective between 1st January 2002 and 1st March 2002. If she does not opt for entry-time loads, 1.5% exit load will be applied on 1700 units of S2 and 2.5% exit load will be applied on 300 units of S3, in accordance with the rule effective from 1st March 2002.

If entry time loads are being applied as specified in the transaction processing rules for the fund, and the loads are overridden at the time of transaction entry, the overridden load values are applied.

Similarly, if entry time loads are being applied, and a unit holder deal has been specified for the unit holder, the deal values are applied.

> **Note**
>
> This feature is only available if your installation has specifically requested for it.

- Contingent Deferred Sales Charge (CDSC) Computation Method
  This topic explains the Contingent Deferred Sales Charge (CDSC) computation methods.

1.3.3.1 Contingent Deferred Sales Charge (CDSC) Computation Method

This topic explains the Contingent Deferred Sales Charge (CDSC) computation methods.

You can define the CDSC computation method while designating the rules that will govern the operation of the fund in the **General Operating Rules** screen. In addition, you can also specify whether the holding period should be considered while calculating the age of investments during computation of Contingent Deferred Sales Charge.

CDSC Calculation Method - LOCOM

If CDSC calculation method at Fund level is selected as **LOCOM**, **Contingent Deferred Sales Charge** is computed as follows:

- The price associated with the transaction (subscription, Reinvestment or Switch-In transaction) is obtained and the transaction is aged to the redemption transaction under consideration.
- The least of the subscription, Reinvestment or Switch-In transaction and the Redemption Base Price to calculate CDSC chargeable to the Unit holder.

L = Least of subscription, Reinvestment or Switch-In transaction Price and the Redemption Base Price

Market Appreciated Units is calculated using following formula:

((Redemption Base Price – L) / (Redemption Base Price)) * Redemption Units

Normal Units would be calculated using following formula:

Redemption Units – Market Appreciated Units

CDSC Calculation Method - Inheritance Fee Structure

Contingent Deferred Sales Charge (CDSC) is computed based on the **Inheritance Fee Structure** as follows:

- If the Fund ID and Rule Effective Date associated with first subscription for a unit holder are available for a transaction which is aged against the redemption, system uses CDSC load details available for the Fund ID and Rule Effective Date.
- If Fund ID and Rule Effective Date associated with first subscription for a unit holder are not available for a transaction which is aged against redemption, system uses the CDSC load details available for Redemption Fund.
- Load Computation will then be carried out using existing computation methods.

CDSC Calculation Method - Class B

If CDSC calculation method at Fund level is selected as **Class B**, **Contingent Deferred Sales Charge** is computed as follows.

During computation of allocation, CDSC fees is picked up based on the Dealing Date of the Redemption, whichever slab it fits into.

For example, CDSC Fee Structure for Schroder Guaranteed Return Fund VIII (Class B) 006-120802-479 is as follows:

Table 1-16 Dealing Days between the following Period

From	To	CSDC Rate
02-Nov-02	01-Nov-03	2.85%
02-Nov-03	01-Nov-04	2.25%
02-Nov-04	01-Nov-05	1.65%
2-Nov-05	01-Nov-06	1.05%
02-Nov-06	01-May-07	0.45%
Maturity	Maturity	0%

Based on the CDSC Fees the Dealing Price would be calculated by the following Formula:

Dealing Price = TRUNC (Redemption Base Price – (Price for Investment in IPO/Subscription Period * CDSC Fee% derived from above Table), Rounding Precision for NAV from General Operating Rules)

The Round Of Truncate for this calculation will be always **Truncate** and number of decimals will be equal to the number of decimals specified for NAV in the **General Operating Rules** screen. This Price will also be stored as Allocation Price.

CDSC Fees will be calculated using the following Formula:

CDSC Fees = ROUND ((NAV-Dealing Price)* No. Of Units Redeemed, No. Of Decimals from Fund Load)

The RoundOfTruncate for this Fund Load will be R and No. Of Decimals will be 2.

If CDSC calculation method at Fund level is selected as redemption value, then while computing Contingent Deferred Sales Charge the system will always consider the free shares first. Only once the free shares get exhausted the system will consider the other transactions on FIFO basis.

1.3.4 Compute Allotted Units

This topic provides the instructions to compute the allotted units.

After the final rounded-off load amounts have been arrived at, the allocation process computes the units to be allocated for the transaction.

It also calculates the final settlement amount for the transaction. This is total amount collected from the investor for in transactions such as IPO, subscription or switch-in, and is the total amount payable to the investor for out transactions, such as redemption and switch-out.

Unit's computation

The process of calculation of the units to be allocated can be understood as shown below.

The computations for subscription and redemption transactions are shown. Switch transactions are treated as redeeming out of one fund and subscribing the redeemed amount into an other, so the processes of calculation are performed in two legs, the first, as a redemption, and the second, as a subscription.

Table 1-17 Acronyms and Abbreviations

Abbreviation	Description
GT	Gross Transaction Amount
NT	Net Transaction Amount
UA	Units Applied / Units Allotted
SP	Subscription Base Price
RP	Redemption Base Price
TL	Total Load Amount
NX	Load Factor expressed in percentage and the load being an allocation time load not loaded to price, rounded off as defined in the Currency Maintenance.
LX	Load Factor expressed in percentage and the load being an allocation time load loaded to price, rounded off as defined in the Fund Load Setup for the fund
NLA	Flat amount not loaded to price (amount LTP loads), rounded off as defined in the Currency Maintenance.
LLA	Flat value loaded to price (amount NLTP loads), rounded off as defined in the Fund Load Setup for the fund
UP	Unit price
UC	Unit Cost

Σ NLA = Σ Plus - Σ Minus

Σ LLA = Σ Plus - Σ Minus

Unit's computation

Table 1-18 Subscription by AMOUNT (Gross)

Description	Load with LTP = Y	Load with LTP = N	Both loads
Transaction accepted with Gross Amount	Price affected by the load factor	Final transaction amount to be allocated is affected	-

Table 1-19 Subscription by AMOUNT (Gross) - Computation logic

Description	Load with LTP = Y	Load with LTP = N	Both loads
Gross amount	GT = Amount applied by the Investor	GT = Amount applied by the Investor	GT = Amount applied by the Investor
Not loaded to price loads	NLTP = 0	NLTP = Σ (GT * NX) + Σ NLA	NLTP = Σ (GT * NX) + Σ NLA
Loaded to price loads factor	LTP = Σ (SP * LX) + Σ LLA	LTP = 0	LTP = Σ (SP * LX) + Σ LLA
Unit price	UP = SP + LTP	UP = SP + LTP	UP = SP + LTP
Units allotted	UA = (GT - NLTP) / UP	UA = (GT - NLTP) / UP	UA = (GT - NLTP) / UP
Total Loads	TL = NLTP + (LTP * UA)	TL = NLTP + (LTP * UA)	TL = NLTP + (LTP * UA)
Net Amount	NT = GT – TL	NT = GT – TL	NT = GT – TL
Unit cost	UC = GT / UA	UC = GT / UA	UC = GT / UA

Table 1-19 (Cont.) Subscription by AMOUNT (Gross) - Computation logic

Description	Load with LTP = Y	Load with LTP = N	Both loads
Amount collected from Investor	Amount applied by the Investor and thus no additional amount needs to be collected	Amount applied by the Investor and thus no additional amount needs to be collected	Amount applied by the Investor and thus no additional amount needs to be collected

Table 1-20 Subscription by AMOUNT (Net)

Description	Load with LTP = Y	Load with LTP = N	Both loads
Transaction accepted with Net Amount	Price not affected by load factor. Load amount calculated and to be collected from the investor separately.	Transaction amount not affected by load factor. Load amount calculated and to be collected from the investors separately.	-

Table 1-21 Subscription by AMOUNT (Net) - Computation logic

Description	Load with LTP = Y	Load with LTP = N	Both loads
Net Amount	NT = Amount applied by the Investor	NT = Amount applied by the Investor	NT = Amount applied by the Investor
Not loaded to price loads	NLTP = 0	NLTP = Σ (NT * NX) + ΣNLA	NLTP = Σ (NT * NX) + ΣNLA
Loaded to price loads factor	LTP = Σ (SP * LX) + ΣLLA	LTP = 0	LTP = Σ (SP * LX) + ΣLLA
Unit price	UP = SP + LTP	UP = SP + LTP	UP = SP + LTP
Units allotted	UA = NT / SP	UA = NT / SP	UA = NT / SP
Total Loads	TL = NLTP + (LTP * UA)	TL = NLTP + (LTP * UA)	TL = NLTP + (LTP * UA)
Gross amount	GT = NT + TL	GT = NT + TL	GT = NT + TL
Unit Cost	UC = GT / UA	UC = GT / UA	UC = GT / UA
Amount collected from Investor	Total load amount to be collected over and above the amount applied by the Investor	Total load amount to be collected over and above the amount applied by the Investor	Total load amount to be collected over and above the amount applied by the Investor

Table 1-22 Subscription by UNITS

Description	Load with LTP = Y	Load with LTP = N	Both loads
Transaction accepted with units but load is on gross transaction amount	Price not affected by load factor. Load amount should be collected separately from the investor over and above the transaction amount.	Transaction amount not affected by load factor. Load amount should be collected separately from the investor over and above the transaction amount.	-

Table 1-23 Subscription by UNITS - Computation logic

Description	Load with LTP = Y	Load with LTP = N	Both loads
Units allotted	UA = Units applied by the Investor	UA = Units applied by the Investor	UA = Units applied by the Investor
Net Amount	NT = UA * SP	NT = UA * SP	NT = UA * SP
Not loaded to price loads	NLTP = 0	NLTP = Σ (NT * NX) + ΣNLA	NLTP = Σ (NT * NX) + ΣNLA
Loaded to price loads factor	LTP = Σ (SP * LX) + ΣLLA	LTP = 0	LTP = Σ (SP * LX) + ΣLLA
Unit price	UP = SP + LTP	UP = SP + LTP	UP = SP + LTP
Total Loads	TL = NLTP + (LTP * UA)	TL = NLTP + (LTP * UA)	TL = NLTP + (LTP * UA)
Gross amount	GT = NT + TL	GT = NT + TL	GT = NT + TL
Unit Cost	UC = GT / UA	UC = GT / UA	UC = GT / UA
Amount collected from Investor	The Gross transaction amount to be collected from the Investor	The gross transaction amount to be collected from the Investor	The Gross transaction amount to be collected from the Investor

Table 1-24 Redemption by AMOUNT (Gross)

Description	Load with LTP = Y	Load with LTP = N	Both loads
Transaction accepted with Gross Amount	Price not affected by the load factor. Load amount to be deducted from the Redemption amount prior to payment for Redemption	The final transaction amount not affected by load factor. Load amount to be deducted from the redemption amount prior to payment for redemption	-

Table 1-25 Redemption by AMOUNT (Gross) - Computation logic

Description	Load with LTP = Y	Load with LTP = N	Both loads
Gross amount	GT = Amount requested by the Investor	GT = Amount requested by the Investor	GT = Amount requested by the Investor
Not loaded to price loads	NLTP = 0	NLTP = Σ (GT * NX) + Σ NLA	NLTP = Σ (GT * NX) + Σ NLA
Loaded to price loads factor	LTP = Σ (RP * LX) + ΣLLA	LTP = 0	LTP = Σ (RP * LX) + ΣLLA
Unit price	UP = RP + LTP	UP = RP + LTP	UP = RP + LTP
Units allotted	UA = GT / RP	UA = GT / RP	UA = GT / RP
Total Loads	TL = NLTP + (LTP * UA)	TL = NLTP + (LTP * UA)	TL = NLTP + (LTP * UA)
Net Amount	NT = GT – TL	NT = GT – TL	NT = GT – TL
Unit Cost	UC = NT / UA	UC = NT / UA	UC = NT / UA
Amount payable to Investor	Net Amount	Net Amount	Net Amount

Table 1-26 Redemption by AMOUNT (Net)

Description	Load with LTP = Y	Load with LTP = N	Both loads
Transaction with Net Amount	Price affected by load factor. Allocation as existing in FCIS now.	Transaction Amount affected by load factor. Allocation as existing in FCIS now.	-

Table 1-27 Redemption by AMOUNT (Net) - Computation logic

Description	Load with LTP = Y	Load with LTP = N	Both loads
Net Amount	NT = Amount requested by the Investor	NT = Amount requested by the Investor	NT = Amount requested by the Investor
Not loaded to price loads	NLTP = 0	NLTP = Σ (NT * NX) + Σ NLA	NLTP = Σ (NT * NX) + Σ NLA
Loaded to price loads factor	LTP = Σ (RP * LX) + ΣLLA	LTP = 0	LTP = Σ (RP * LX) + ΣLLA
Unit price	UP = RP + LTP	UP = RP + LTP	UP = RP + LTP
Units allotted	UA = (NT + NLTP) / UP	UA = (NT + NLTP) / UP	UA = (NT + NLTP) / UP
Total Loads	TL = NLTP + (LTP * UA)	TL = NLTP + (LTP * UA)	TL = NLTP + (LTP * UA)
Gross amount	GT = NT + TL	GT = NT + TL	GT = NT + TL
Unit Cost	UC = NT / UA	UC = NT / UA	UC = NT / UA
Amount payable to Investor	Net Amount	Net Amount	Net Amount

Table 1-28 Redemption by UNITS (Gross)

Description	Load with LTP = Y	Load with LTP = N	Both loads
Transaction accepted with Gross Amount	Price not affected by the load factor. Load amount to be deducted from the Redemption amount prior to payment for Redemption	The final transaction amount not affected by load factor. Load amount to be deducted from the redemption amount prior to payment	-

Table 1-29 Redemption by UNITS (Gross) - Computation logic

Description	Load with LTP = Y	Load with LTP = N	Both loads
Units allotted	UA = Units applied by the Investor	UA = Units applied by the Investor	UA = Units applied by the Investor
Gross amount	GT = UA * RP	GT = UA * RP	-
Not loaded to price loads	NLTP = 0	NLTP = Σ (GT * NX) + Σ NLA	NLTP = Σ (GT * NX) + Σ NLA
Loaded to price loads factor	LTP = Σ (RP * LX) + ΣLLA	LTP = 0	LTP = Σ (RP * LX) + ΣLLA
Unit price	UP = RP + LTP	UP = RP + LTP	UP = RP + LTP
Total Loads	TL = NLTP + LTP	TL = NLTP + LTP	TL = NLTP + LTP
Net Amount	NT = GT – TL	NT = GT – TL	NT = GT – TL

Table 1-29 (Cont.) Redemption by UNITS (Gross) - Computation logic

Description	Load with LTP = Y	Load with LTP = N	Both loads
Amount payable to Investor	Net Amount	Net Amount	Net Amount

Price Basis Loads

> **Note**
>
> Any loads that have been defined as price basis loads are only used as the indicator for computing load values, and are not picked up during evaluation of criteria. That is, the other load details specified for such loads, such as the return value, slabs and so on, are not taken into consideration. The difference between the Transaction Base Price and the Price Basis defined for the transaction is considered as an inherent fee or incentive, during allocation.

For instance, if the Price Basis for a transaction is **Offer Price**, and Transaction Base Price is 1.009 and the Offer Price is 1.060, the difference (1.06-1.009 = 0.051, without currency rounding) is considered as the **inherent fee** (since the TBP is less than the offer price).

If the offer price were less than the TBP, the difference between the two is considered an **inherent incentive**.

1.4 Process FCIS IPO Units Override

This topic provides the systematic instruction to override allocated units for IPO transactions.

In the Transaction Processing Rules for a fund, the maximum issue size applicable for IPO transactions in a fund is defined. This limit is a restriction on the total order value for IPO transactions. The IPO allocation process validates whether the maximum issue size limit is exceeded by the total order value.

When the total order value is below the maximum issue size, the number of units allocated for a transaction is the same as the number of units applied, that is, all orders will be fully allocated. When the total order value exceeds the maximum issue size, the orders are allocated based on the ratio of maximum issue size to total order value.

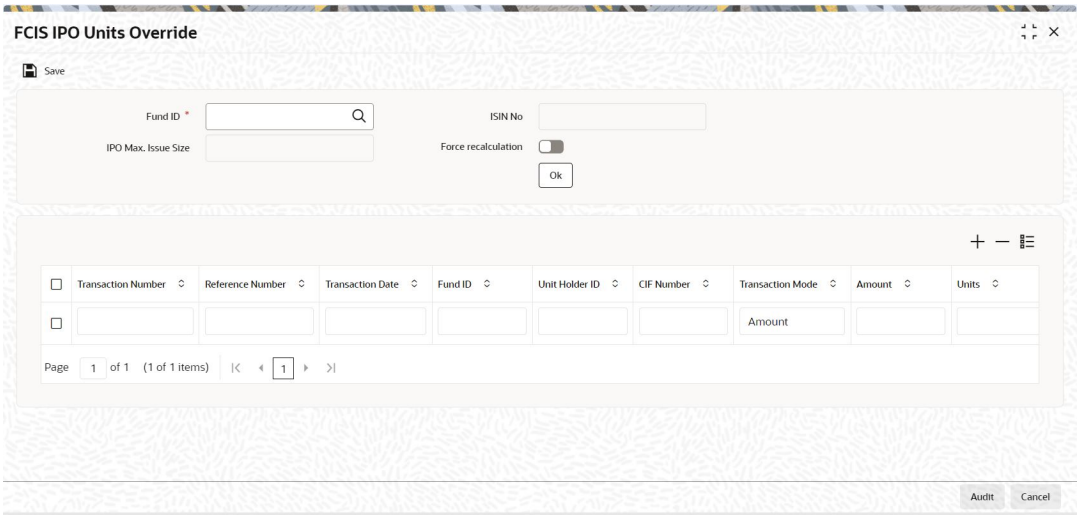
In expression,

Quantity allotted = Quantity applied * (Maximum issue size / Total order value)
For such situations, the system provides an override, where you can specify the **allocable** units as against the applied units. You can specify this override in the **FCIS IPO Units Override** screen.

1. On **Home** screen, type **UTDIPOUO** in the text box, and click **Next**.

   The **FCIS IPO Units Override** screen is displayed.

Figure 1-2 FCIS IPO Units Override



2. On **FCIS IPO Units Override** screen, click **New** to enter the details.

   The maximum issue size and the default allocable units, for each IPO transaction that is pending allocation in the fund, are displayed.

   For more information on fields, refer to the field description table.

Table 1-30 FCIS IPO Units Override - Field Description

Field	Description
Fund ID	*Alphanumeric; 6 Characters; Mandatory* Specify the fund ID. Alternatively, you can select fund ID from the option list. The list displays all valid fund ID maintained in the system.
ISIN No	*Display* The system displays the ISIN number.
IPO Max. Issue Size	*Display* The system displays the IPO maximum issue size based on the Fund ID selected.
Force Recalculation	*Optional* Check this box to recalculate the IPO units. Click **OK**. The system displays the following values: • **Transaction Number** • **Reference Number** • **Transaction Date** • **Fund ID** • **Unit Holder ID** • **CIF Number** • **Transaction Mode** • **Amount** • **Units** • **Allocable Units**
Overridden Units	*Numeric; 22 Characters; Optional* Specify the overridden units.

Table 1-30 (Cont.) FCIS IPO Units Override - Field Description

Field	Description
Override Or Not?	*Optional* Select this checkbox, and specify the overridden units in the Overridden Units field.

3. You can only override allocable units in respect of a transaction, when the maximum issue size limit is exceeded subject to the following considerations.
   - The overridden units must be equal to or less than the units applied
   - The sum of overridden IPO units must be less than the maximum issue size specified for IPO transactions for the fund
4. Select **Authorize** option in the operation field, to authorize the overridden units.

   The override that you specify in this screen must be authorized.
5. Select the **Force Recalculation** box for re-computation of the allocable units, when the original IPO transaction in respect of which units have been overridden is amended and a different transaction value has been specified.

1.5 Unitize Transactions during Book Closing Period

This topic provides information about unitizing transactions occur during the book closing period.

You can specify whether a transaction can be unitized, for a book closing date. The **BlkClsOptional** field present in the **Client Country** field, allows you to disable/enable the validation initiated during the allocation process, to verify whether the transaction occurs during the book closing period.

1.6 Unsettled Trades

This topic explains maintenance activities and workflow on linking redemption transactions to settled/unsettled inflow transactions.

This topic contains the following subtopics:

- Maintenance Activities
  This topic contains the information to perform maintenance activities in Redemption transactions.
- Process
  This topic provides the instructions to process the redemption transaction.

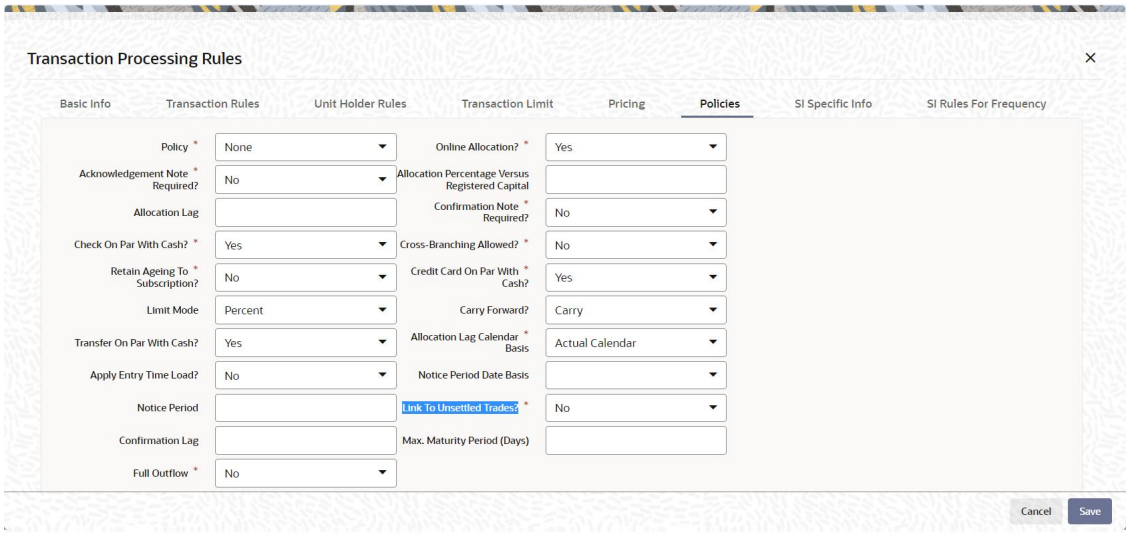
1.6.1 Maintenance Activities

This topic contains the information to perform maintenance activities in Redemption transactions.

FCIS allows you the option of redeeming the units that have been provisionally allocated to you by the system when you enter into a subscription transaction. Redemption transactions can be linked to unsettled inflow transactions as well as settled inflow transactions.

The maintenance you have to carry out is explained below:

Figure 1-3 Transaction Processing Rules_Policies _Link to Unsettled Trades



Specify, for a fund, whether or not a redemption transaction can be linked to unsettled inflow transactions. This can be done in the *Policies* tab of the **Transaction Processing Rules** screen where you may:

- Select the transaction type as **Redemption**
- Select the option YES against the field **Link to Unsettled Inflows?** to indicate redemption transactions can be linked to unsettled inflow transactions.
- Select the option NO against the field **Link to Unsettled Inflows?** to indicate redemption transactions can be linked to settled inflow transactions only.

> **Note**
>
> Though, during amendment, you are allowed to change the status of the field **Link to Unsettled Inflows?** from YES to NO, this is not recommended. You may however change the status from NO to YES.

Refer topic *Setting Up Fund Rules (II)* in *Fund Setup User Manual* for further information on the **Transaction Processing Rules** screen.

1.6.2 Process

This topic provides the instructions to process the redemption transaction.

Workflow

You enter into a subscription transaction. The units are provisionally allotted to you. You would like to carry out a redemption transaction.

The following is the workflow:

- The redemption transaction is linked to the provisionally allotted subscription transaction.
- Payment Clearing needs to be carried out. The payment can be accepted or rejected.

Case 1 – If payment is rejected:

If payment is rejected, the following will happen:

- The parent subscription transaction will be reversed. All outflow transactions (that can be reversed) linked to the parent subscription will be reversed automatically.
- New unallotted redemption transactions will be generated. These will be allocated and linked to other subscription transactions based on the Ageing Rule defined in the **General Operating Rules** screen.

Case 2 – If payment is accepted:

If payment is accepted, all linked redemption transactions will be confirmed.

> **Note**
>
> For a pseudo switch Redemption, the unsettled subscription leg of transaction will have to be manually cleared or rejected.

Index

U