

Letters of Credit
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1. About this Manual

1.1 Introduction

This manual is intended as a guide to the Letters of Credit (LC) module, of Oracle FLEXCUBE. It is designed to help you maintain and process all types of documentary and clean LCs. It also assists you in handling the necessary activities in the life cycle of an LC once it is booked. This includes the generation of messages and advices, the updation of account balances and the collection of various commissions and charges.

1.2 Audience

This manual is intended for the Customer Service Representatives (CSRs) and the staff responsible for the setting up of new products at your bank.


1.3 Organization

This manual is organized as follows:

Chapter 1	<i>About this Manual</i> gives information on the intended audience. It also lists the various chapters covered in this User Manual
Chapter 2	<i>Letters of Credit - An Overview</i> gives you an overview of the LC module and helps familiarize you with its features.
Chapter 3	<i>Maintenance</i> details the basic information to be maintained, before the LC module becomes fully operational.
Chapter 4	<i>Defining Product Attributes</i> describes the procedure to define LC products for specific services that you offer your customers.
Chapter 5	<i>Processing an LC Contract</i> described in this chapter is the procedure to process all types of LCs (import, export, invoice, clean, guarantees, shipping guarantees).
Chapter 6	<i>Capturing Additional Details</i> explains how you can capture additional information for an LC contract.
Chapter 7	<i>Making an Availment</i> explains how, upon receipt of bills or on notification from the negotiating bank, an availment is recorded under an LC.
Chapter 8	<i>Amending Details of an LC</i> discusses the circumstances under which the details of an LC contract would need to be amended. It also details the procedure for amending the LC.
Chapter 9	<i>Transferring an LC</i> explains how you can transfer an LC.
Chapter 10	<i>Liquidation of Receivable Components of an LC</i> deals with the liquidation of the receivable components of an LC.
Chapter 11	<i>Credit Limit Tracking for an LC</i> is the procedure to track the exposure against the applicant or against the issuing bank. It depends on whether you are issuing











	an import LC/advice or confirming an export LC.
Chapter 12	<i>Automatic Processes</i> explains the processes that will be carried out automatically, in the life cycle of an LC.
Chapter 13	<i>Reports</i> gives a list of all reports that can be generated for the LC module.
Chapter 14	<i>Annexure A - Accounting Entries for LCs</i> contains a list of suggested accounting entries, event-wise.
Chapter 15	<i>Annexure B - Events and Advices for LC</i> gives an exhaustive list of events that can take place and the messages that can be generated, during the life cycle of an LC.
Chapter 16	<i>Annexure C - SWIFT Category 7 Messages</i> gives a list of SWIFT messages supported in the LC module.
Chapter 17	<i>Annexure D - Letters of Credit Glossary</i> lists out important terms used in the LC User Manual.



1.4 Conventions Used in this Manual

Important information is preceded with the  symbol.

1.5 Glossary of Icons

This User Manual may refer to all or some of the following icons:

Icons	Function
	New
	Copy
	Save
	Delete
	Unlock
	Print
	Close
	Re-open
	Reverse
	Template

Icons	Function
	Roll-over
	Hold
	Authorize
	Liquidate
	Exit
	Sign-off
	Help
	Add
	Delete

Refer the Procedures User Manual for further details about the icons.

1.6 **Related Documents**

- Procedures

2. Letters of Credit - An Overview

2.1 Introduction

A Letter of Credit is an undertaking by the bank issuing it to pay the beneficiary of the credit provided stipulated documents are presented and other terms and conditions of the LC are complied with. It is the preferred mode of settlement between a buyer and a seller under the following circumstances:

- They are not well-known to each other.
- They are located in different countries and the seller is not sure of the credit worthiness of the buyer.

In such cases, the seller would like a bank to provide assurance of payment. As an instrument of international trade, It is one of the most secure methods for a seller to be paid. Besides credit risk considerations, LCs is the customary business practice for long distance trade and a particularly important commission earning service for any bank.

The Letters of Credit (LC) module constitutes a part Oracle FLEXCUBE's comprehensive trade financing system. Together with the Bills and Collections module, it automates the entire gamut of trade financing. While the LC module handles the opening, advising and amending of all types of LCs, the BC module handles collection of bills which may or may not be presented under LC. The documents required under an LC are maintained in the BC module. Once an LC is opened, the documents presented by the beneficiary and LC negotiation are also processed in the BC module.

The LC module primarily supports the processing of all types of documentary and clean LCs. It can handle all activities during the lifecycle of an LC. This includes the generation of messages and advices for all the applicable events, and the update of account balances. The system also handles the collection of various commissions and charges defined for an LC.

2.2 Features

In an effort to sharpen the competitiveness of your trade-financing department and to empower your bank to handle a high volume of credit transactions Oracle FLEXCUBE is designed with the following features:

- The Letters of Credit module supports the processing of all types of clean and documentary LCs. These include:
 - Import LCs
 - Export LCs
 - Guarantees
 - Shipping Guarantees
 - Clean LCs
 - Standby Guarantees

- The LC module is designed to handle all the events in the life cycle of an LC. The booking, subsequent amendments and an avilment can be processed automatically. The messages and advices applicable for each event are also automatically generated. The messages are communicated done through SWIFT, TELEX, mail, or any other compatible medium.
- The product definition function enables you to create products for specific services you offer. This offers your customer flexibility as well as quick and efficient processing of contracts.
- The product definition covers all the key features of a LC. For example, details of documents that should accompany it, the free format messages that form part of the correspondence, the advices to be generated for various events, the accounting entries to be passed for an event, the commission and tax handling specifications.
- The details of documents, free format messages, and commodities are defined only once and can be retrieved whenever needed. This reduces the effort involved in the capture of LC details, thus rendering it faster and error free. The flexibility built into the system ensures that you can modify these details to suit the requirement of each LC.
- Oracle FLEXCUBE supports the concept of “specialized services branch” concept. If you have trade financing expertise at only one branch, say the Head Office (HO) and LCs for customers of any branch is processed only through the HO, Oracle FLEXCUBE offers absolute ease of operations. The LC can be processed for a customer of any branch, in the same way as you would, for a customer of your own branch.
- The template and copy features further simplify, the input processing, for contracts.
- The Central Liability sub-system automatically controls the booking of an LC against the credit lines assigned to the customer before the bookings are made.
- The module supports automated follow-up for commission and charge payments, confirmation and acknowledgements.
- Graphic User Interface (GUI) facilitates ease of input. Pick-lists have been provided wherever possible. This makes the module both efficient and easy to use.
- The media supported include Mail, Telex and SWIFT.
- The National Language Support (NLS) features are available.
- LCs is governed by the Uniform Customs and Practice (UCP) which is published by the International Chambers of Commerce (ICC) Paris, France. You can indicate that the LCs issued at your bank fall in line with the UCP, which is regarded as a rule book by virtually all banks in the world.

2.3 **Operations Supported on LC**

The following are the operations supported on an LC:

- Open an import LC or guarantee
- Open and confirm an import LC
- Pre-advice an export LC
- Advice an export LC

- Advice and confirm an export LC
- Confirm an export LC
- Advice a guarantee

Thus, your bank can perform one of the following roles:

- The issuing (opening) bank for an import LC or guarantee
- The advising bank or for an export LC
- The confirming bank for an export LC

In addition to amendment of the terms of an LC such as the expiry date, the amount, the latest shipment date, etc., you can amend the operation on an LC as follows:

- Open to open and confirm of an import LC
- Pre-advice to advice of an export LC
- Pre-advice to advice and confirm an export LC
- Advice to advice and confirm an export LC

Appropriate messages, advices, and covering letters are generated for these operations. These are listed in an annexure in this manual. The SWIFT messages generated for the different types of LC are listed in this chapter.

2.4 Processing Commissions and Charges

In the LC module, the method of collecting commissions and levying charges is flexible. Commissions can be collected for the initiation and amendment events of an LC. The definition of commission rules facilitate the uniform and efficient application of commission across all LCs processed under a product.

Commissions can be collected in advance or in arrears, periodically or non-periodically. You can choose to accrue commissions at a regular frequency (daily, monthly, quarterly, half-yearly or annually). Similarly, the frequency of liquidation of periodic commission can be varied. In Oracle FLEXCUBE various charges such as handling charges, SWIFT charges, etc. can be processed.

The commissions and charges can be collected from any party, and if necessary, debited from a receivable account and liquidated subsequently.

2.5 Variations Supported for an LC

An LC being a very flexible payment mechanism can be made available to the customers of your bank in a number of popular variations.

2.5.1 Red Clause Letter of Credit

You can process a Red Clause LC wherein you can provide for anticipatory drawings. In such a case, the confirming bank or any other bank is authorised to make advance payments to the beneficiary, before the presentation of the documents.

2.5.2 Transferable and Non-transferable LCs

While capturing the details of an LC, you can indicate whether it is transferable. This information is part of the instrument generated for an LC.

2.5.3 Revolving and Non revolving LCs

You can open an LC and choose to make it available again in its original amount after the goods have been shipped, documents presented and credit is settled. Such an LC is a revolving LC. Under a revolving LC the amount is reinstated or renewed without any specific amendments to the LC. A revolving LC may be revocable or non-revocable, and can revolve in relation to the following:

- Value
- Time

This facility can be utilized when a supplier wishes to make repetitive shipments over a period such as a year. The LC can have an automatic reinstatement clause, which provides for continuing the renewal of availability. You also have the option to manually reinstate an LC. The credit may require approval of the opening party before it becomes available again.

2.5.4 Sight and Usance LC

Oracle FLEXCUBE allows the processing of a sight or usance payment against an LC.

- In case of a sight LC, the negotiating bank pays the seller immediately and is later reimbursed by the issuing bank.
- In the case of a usance LC, the drawee bank accepts the obligation to pay the seller at maturity. An LC with a time draft drawn on the opening party, calling for payment at a future date is called a time or Usance LC.

2.5.5 Cash Collateral against an LC

An LC can be processed against cash collateral. Oracle FLEXCUBE provides you with the facility to calculate the cash collateral either as a percentage of the LC amount or as a fixed amount. Cash collateral advice will be generated for its collection. When the LC amount is amended, you also have the option of adjusting the collateral amount accordingly.

2.5.6 Availment against an LC

You can process the availments against an LC either through the LC module or through the bills module of Oracle FLEXCUBE. Availment charges can be levied and cash collateral adjusted, during an availment.

2.5.7 Reports

Information on the LCs processed and the static maintenance done for the module is available in the form of reports. These reports can be printed, spooled on to a disk file or displayed on the screen. The following are some of the reports available:

- Accrual control report
- Closed out LCs report
- Commission activity report
- Commission due report
- Confirmed LCs report
- Daily activity report
- Expired LCs report
- LCs due to be closed report
- LCs due to expire report
- Open ended LCs
- Un-replied tracers report
- Process exception report
- Overrides

Refer the chapter titled 'Reports' in this User Manual for details about reports.

3. Maintenance

3.1 Introduction

The LC module requires the setting up of certain basic information before it becomes fully operational. The information that needs to be maintained includes:

- Document details
- Clause details
- Goods details
- Free Format Text details
- Insurance Company details
- Import License Expiry Date for a customer
- Exchange Rate Type maintenance for different transaction amount slabs
- INCO Terms
- Open Insurance Policy details
- Blacklist criteria

The procedure for maintaining these details is discussed in the subsequent sections.

3.2 Maintaining Document Details

There are certain standard documents that are required under a documentary LC. As these documents are standard and common in most countries, their details need not be specified every time you need to use it for an LC. Instead, you can maintain its details in the Document Maintenance screen and attach it to the LC you process.

The advantage of maintaining document details is that at the time of creating a product or at the time of entering the details of an LC, you only need to specify the code assigned to the document. All the details maintained for the document will be automatically picked up. This helps reduce repetitive work, as you do not need to enter the contents of the document each time you use it.

To invoke the 'Bills and Collections Document Codes Maintenance' screen, type 'BCDDOCCD' in the field at the top right corner of the Application tool bar and click the adjoining arrow button. If you are maintaining details of a new document choose New from the Actions Menu or click new icon from the tool bar. The 'Bills and Collection Document Code Maintenance' screen is displayed without any details.

Here you can specify the following details.

Document Code

In Oracle FLEXCUBE, each document maintained is identified by a twelve-character code, called a Document Code. You can follow your own convention for devising this code. However, one of the characters of the code should necessarily be a letter of the English alphabet.

The code assigned to should be unique as it is used to identify the document. While creating a product or at the time of entering the details of an LC, you only need to specify the code assigned to the document. The document details will be automatically picked up and defaulted.

Language Code

The language used in the document which you bank receives from the customer.

Document Type

Select the type of document you bank received from the customer.

Document Short Description

The documents for an LC are at times large and hence difficult to identify. Therefore, you can specify a short description or a title that will enable you to identify the document quickly.

The short description that you specify is for information purposes only and will not be printed on any customer correspondence.

Document Long Description

After you specify a code to identify the document, you can proceed to maintain the content of the document. The content that you enter is printed on the applicable advices generated for an LC. A document can contain a maximum of two thousand characters.

Once the document code is stored, the description of a document can be edited only through the 'Document Codes Maintenance' screen (the screen we are discussing). However, you can also view the contents of a document code when you are linking it to a product or LC.

Validate Shipping Guarantee

Check this option to indicate that a shipping guarantee should be validated.

Clause Details

Specify the following details.

Clause Code

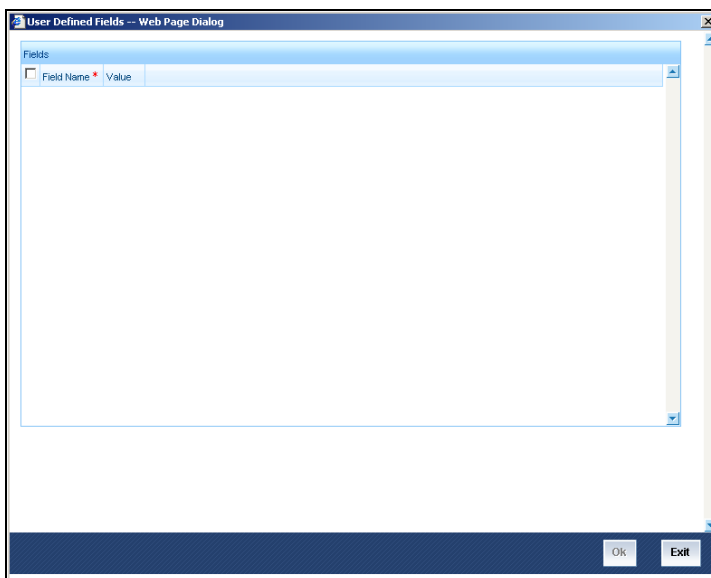
Specify the clause code that should be linked to the document.

Description

A brief description of the chosen clause code is displayed here.

3.2.1 Specifying UDF Values

You can specify values for all the User Defined fields (UDFs) created and attached to the 'Bills & Collections Document Codes Maintenance' screen. You can view the list of UDFs associated to this screen by clicking 'Fields' button.



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

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

3.2.2 Operations on Document Maintenance Record

On an existing Document Maintenance record, you can perform the following operations (if any function under the Actions Menu is disabled, it means that the function is not allowed for the record):

- Amend the details of a document
- Authorize a document
- Copy the details of a document on to a new one
- Close the document
- Reopen the document
- Print the details of a document
- Delete the details of a document

Please refer to the manual on Common Procedures for details of these operations.

3.3 Maintaining Clause Details

A clause is a statement that accompanies a document required under an LC. Instead of specifying the details of a clause every time, you can maintain a list of the standard clauses, which can accompany the documents, required for an LC, in the Clause Maintenance screen.

The advantage of maintaining clause details is that at the time of creating a product or at the time of entering an LC, you only need to specify the code assigned to the clause. All the details maintained for the clause will be automatically picked up.

You can invoke the 'Letters of Credit Clause Code Maintenance' screen by typing 'LCDCLAMA' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. If you are maintaining a new clause, click on 'New' from the Actions Menu or click new icon from the tool bar. The 'Letters of Credit Clause Code Maintenance' screen is displayed without any details.

Specify the following details.

Clause Code

Each clause that you maintain is identified by a twelve-character code called a Clause code. You can follow your own convention for devising the code. However, at least one of the characters of the clause code should be a letter of the English alphabet.

This code should be unique as it is used to identify the clause. While creating a product or at the time of entering the details of an LC where you need to specify the clauses that should accompany a document, you only need to specify the code assigned to the clause. The clause details will be automatically picked up and defaulted.

Language Code

The language used in the document which you bank receives from the customer.

Clause Type

A clause that you maintain will accompany a document that is sent for an LC. Therefore, the type of clauses that you can maintain is determined by the type of document that it accompanies. The nature of the clauses that you define can fall within the following categories:

- Transport
- Insurance
- Invoice
- Others

Clause Description

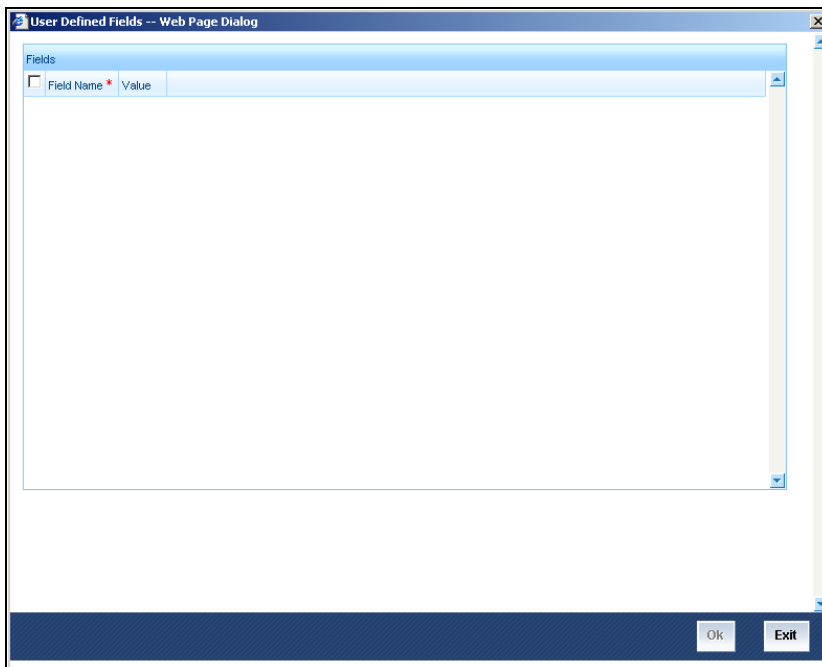
After you have specified a code for the clause, you can proceed to maintain a detailed description of the clause.

The description carries the contents of the clause, which will be printed on the customer correspondence that accompany an LC. The clause description can contain a maximum of two thousand characters.

After you have made the mandatory entries, you should save the record.

3.3.1 **Specifying UDF Values**

You can specify values for all the User Defined fields (UDFs) created and attached to the 'Letters of Credit Clause Code Maintenance' screen. You can view the list of UDFs associated to this screen by clicking 'Fields' button.



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

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

3.3.2 **Operations on a Clause Maintenance Record**

On an existing Clause Maintenance record, you can perform the following operations (if any function under the Actions Menu is disabled, it means that the function is not allowed for the record):

- Amend the details of the record
- Authorize the record
- Copy the details of a Clause, on to a new record
- Close the record

- Reopen the closed record
- Print the details of a record
- Delete the record

Please refer to the manual on Common Procedures for details of these operations.

3.4 Maintaining Goods Details

An LC is an instrument used for trade payments, it therefore involves merchandise. There are certain standard goods or commodities, the trading of which is done, with LC cover. Instead of specifying the details of merchandise each time they are traded under an LC, you can maintain the details of the standard goods in the 'Bills and Collections Commodity Code Maintenance' screen.

The advantage of maintaining goods details is that at the time of entering the details of an LC, you only need to specify the code assigned to the goods. The description maintained for the goods code will be automatically picked up. Typically, the statutory body controlling international and domestic trade in a country assigns these codes.

To maintain details of the standard goods transacted under LCs, you need to invoke the 'Bills and Collections Commodity Code Maintenance' screen. You can invoke this screen by typing 'BCDCOMCD' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. If you are maintaining details for the goods or commodity for the first time, choose 'New' from the Actions Menu or click new icon from the tool bar. The 'Bills and Collections Commodity Code Maintenance' screen is displayed without any details.

Specify the following details.

Goods Code

In Oracle FLEXCUBE goods are identified by a twelve-character code called the goods code. You can follow your own convention for devising the code. However, at least one of the characters of the goods code should be a letter of the English alphabet.

The code that you assign to a commodity should be unique as it is used identify the goods. While processing an LC where you need to specify the goods transacted, you need to only specify the code assigned to the goods. The goods description will automatically be picked up and defaulted.

Language Code

The language used in the document which you bank receives from the customer.

Banned Commodity

As part of maintaining the details of the goods that can be traded under an LC, you can also specify whether the commodity being defined is banned from import/export.

If you are maintaining the details of a banned commodity, you can indicate the same by selecting the 'Banned commodity' option in the screen.

At the time of selecting the goods being traded under an LC, the system will display the commodities in the option-list. In addition, the list will also display whether a particular commodity is banned or not by indicating 'YES' (for a banned product) and 'NO' (for a product that is allowed for trade) against the product.

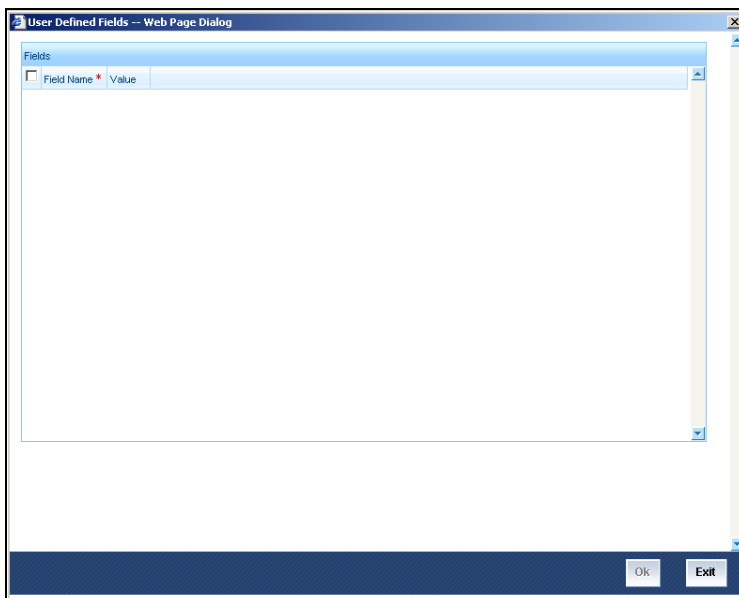
Goods Description

After assigning a code to the goods, you can proceed to maintain a detailed description of the goods. The goods description can contain a maximum of six thousand five hundred characters.

While specifying the details of the goods transacted under an LC, you can edit the description that is defaulted, to suit the requirements of the LC you are processing. Specifications such as the quality and quantity of the merchandise can also be entered.

3.4.1 Specifying UDF Values

You can specify values for all the User Defined fields (UDFs) created and attached to the 'Bills and Collections Commodity Code Maintenance' screen. You can view the list of UDFs associated to this screen by clicking 'Fields' button.



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

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

3.4.2 Operations on Goods Maintenance Record

On an existing Goods Maintenance record, you can perform of the following operations (if any function under the Actions Menu is disabled, it means that the function is not allowed for the record):

- Amend the details of a record
- Authorize a record
- Copy the details of a commodity, on to a new record
- Close a record
- Reopen a closed record
- Print the details of a record
- Delete a record

Please refer to the manual on Common Procedures for details of these operations.

3.5 Maintaining Free Format Text Codes

Free Format Text (FFT) may be a set of instructions or statements that are applicable to the LCs that you process. There are certain standard statements that should appear in the correspondence and messages, sent to the parties involved in an LC. Instead of specifying the details of an FFT each time you need to use it, you can maintain them in the 'Bills and Collections Free Format Code Maintenance' screen. The advantage of maintaining FFT details is that at the time of creating a product or while entering the details of an LC, you only need to specify the code assigned to the FFT. All the details maintained for the FFT code will be automatically picked up. This reduces your effort, as you do not need to enter the description of an FFT each time you use it. You can invoke this screen by typing 'BCDFFTCDD' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. If you are maintaining the details for the FFT for the first time, choose 'New' from the Actions Menu or click new icon in the tool bar.

Fields	
Input By	ELIZA2
Date Time	
Modification Number	
Open	<input checked="" type="checkbox"/>
Authorized By	
Date Time	
Authorized	<input type="checkbox"/>

Specify the following details.

Text Code

In Oracle FLEXCUBE, each FFT that you maintain is identified by a twelve character code called an FFT Code. You can follow your own conventions for devising the code. However, at least one of the characters of the goods code should be a letter of the English alphabet.

The code that you specify should be unique since it identifies the FFT. While creating a product, or at the time of entering the details of an LC you only need to specify the code assigned to the FFT. The FFT details will be automatically picked up and defaulted.

Language Code

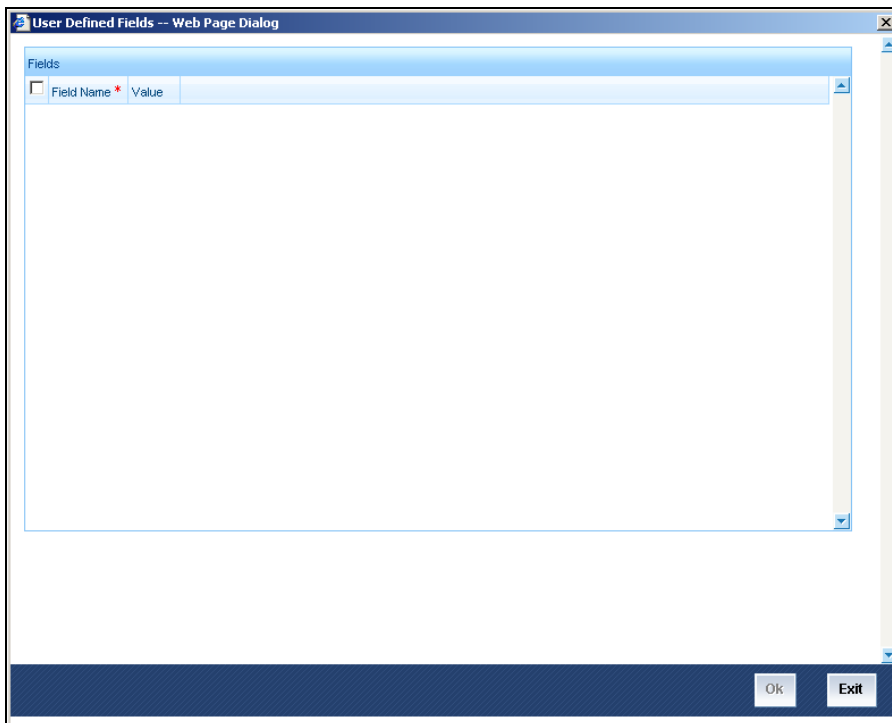
The language used in the document which you bank receives from the customer.

Free Format Text

After assigning a code to identify an FFT, you can proceed to maintain the description of the FFT. The description that you specify can contain text up to two thousand characters.

3.5.1 Specifying UDF Values

You can specify values for all the User Defined fields (UDFs) created and attached to the 'Bills and Collections Free Format Code Maintenance' screen. You can view the list of UDFs associated to this screen by clicking 'Fields' button.



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

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

3.5.2 Operations on FFT Maintenance Record

On an existing FFT Maintenance record, you can perform the following operations (if any function under the Actions Menu is disabled, it means that the function is not allowed for the record):

- Amend the details of the record
- Authorize the record
- Copy the details of an FFT on to a new record
- Close the record
- Reopen the closed record
- Print the details of a record
- Delete the record

Refer to the manual on Common Procedures for details of these operations.

3.6 Maintaining Insurance Company Details

An LC, as an instrument of international trade involves the shipment of large merchandise over long distances. To cover the loss or damage of the goods during transition, most merchandise traded under an LC is covered with an insurance policy. You can maintain the details of different Insurance Companies in Oracle FLEXCUBE.

At the time of capturing the details of an LC contract in the system, you can associate the appropriate Insurance Company Code with the contract. Upon selection of the code, all the details maintained for the selected code will be automatically picked up by the system. Subsequently, on receipt of the insurance policy from the company, the insurance policy number can also be captured in the relevant contract.

You can maintain the details of an insurance company through the 'Bills and Collections Insurance Company Maintenance' screen. You can invoke this screen by typing 'BCDINSCO' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

The screenshot shows a web page dialog titled "Bills & Collections Insurance Company Maintenance -- Web Page Dialog". The main content area is titled "Company Details" and contains the following fields:

- Insurance Company Code *
- Insurance Company Name
- Address 1
- Address 2
- Address 3
- Address 4
- Telephone Number
- Fax Number

Each field has a small yellow speech bubble icon to its right. At the bottom of the dialog, there is a "Fields" section with the following information:

- Input By: ELIZA2
- Date Time
- Modification Number
- Open
- Authorized By
- Date Time
- Authorized

A "Cancel" button is located at the bottom right of the dialog.

In this screen, you can maintain the following details of Insurance Companies:

Insurance Company Code

Specify a unique code for each insurance company being defined in the system. The insurance company will be identified by this code throughout the system. This is mandatory information and if not provided, you will not be allowed to save the details of the company.

You can use a maximum of 9 alphanumeric characters to create the company code.

Insurance Company Name

After specifying a unique code for the company, you can also specify the full name of the insurance company.

Address 1 to 4

Specify the mailing address of the insurance company being defined. You can maintain a maximum of four lines of address. Each line of address can accommodate a maximum of 105 alphanumeric characters.

Telephone Number

Capture the telephone number of the insurance company.

Fax Number

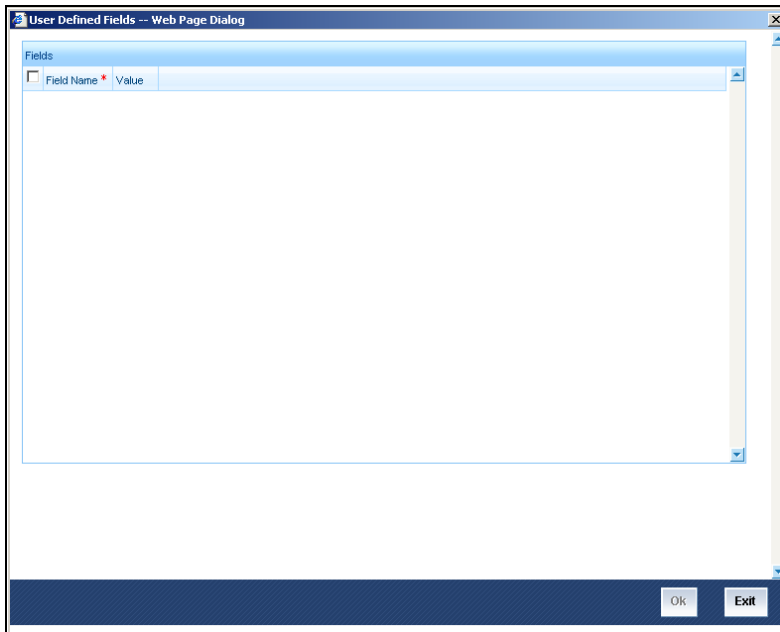
Capture the fax number of the insurance company.



The insurance company will be available for association with LC contracts only after you authorize the company details.

3.6.1 Specifying UDF Values

You can specify values for all the User Defined fields (UDFs) created and attached to the 'Bills and Collections Insurance Company Maintenance' screen. You can view the list of UDFs associated to this screen by clicking 'Fields' button.



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

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

3.6.2 Operations on Company Maintenance Record

On an existing Company Maintenance record, you can perform the following operations (if any function under the Actions Menu is disabled, it means that the function is not allowed for the record):

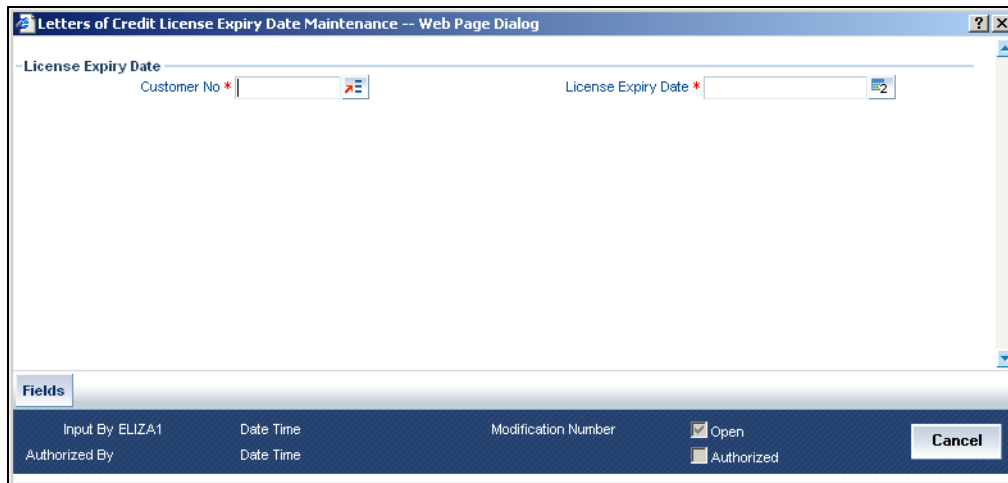
- Amend the details of the record
- Authorize the record
- Copy the details of a record on to a new record
- Close the record
- Reopen the closed record
- Print the details of a record
- Delete the record

Refer to the manual on Common Procedures for details of these operations.

3.7 Maintaining Import License Expiry Date

Oracle FLEXCUBE allows you to maintain the Import License Expiry Date of all the customers of your bank. You can maintain only one License Expiry Date for a customer. On selection of the CIF ID of the customer at the time of processing an LC contract, the Import License Expiry Date maintained for the selected CIF ID is also displayed in the LC Contract screen. The system will not do any validations based on the expiry date. It is used only for information purpose.

You can capture import license expiry date through the 'Letters of Credit License Expiry Date Maintenance' screen. You can invoke this screen by typing 'LCDEXPDT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Specify the following details.

Customer No

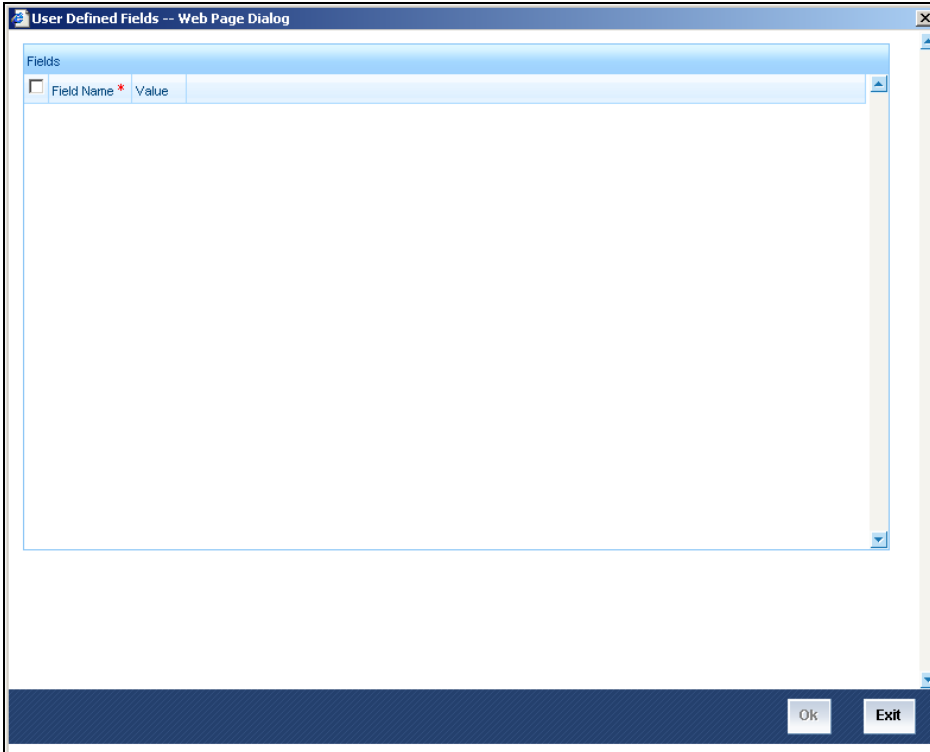
Every customer of your bank is identified by a unique CIF ID. All authorized and active CIF IDs will be displayed in the option-list. You can select the appropriate CIF ID from the list.

License Expiry Date

After you select the CIF ID, you can specify the Import License Expiry Date for the customer. The expiry date maintained here will be associated with all LC contracts processed for the customer.

3.7.1 Specifying UDF Values

You can specify values for all the User Defined fields (UDFs) created and attached to the 'Letters of Credit License Expiry Date Maintenance' screen. You can view the list of UDFs associated to this screen by clicking 'Fields' button.



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

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

3.7.2 Operations on Licence Expiry Date Record

On an existing Licence Expiry Date Maintenance record, you can perform the following operations (if any function under the Actions Menu is disabled, it means that the function is not allowed for the record):

- Amend the details of the record
- Authorize the record
- Copy the details of a record on to a new record
- Close the record
- Reopen the closed record
- Print the details of a record
- Delete the record

Refer to the manual on Common Procedures for details of these operations.

3.8 Maintaining Exchange Rates for Bills

Oracle FLEXCUBE allows you to apply different exchange rates based on the amount involved in the transaction. The cut-off amount slabs are maintained in the local currency of your bank. If the transaction currency is not the local currency, the system will first convert the transaction amount into the local currency equivalent using the Standard Mid Rate. This is necessary as the cut-off amount slabs are maintained in the local currency. The system will then validate the converted amount against the different amount slabs to determine the appropriate rate type. This is the rate type that will be used for the actual conversion of the transaction currency into the local currency equivalent.

You can capture the exchange rate types for different amount slabs through the 'Bills and Collections Exchange Rate Type Maintenance' screen. You can invoke this screen by typing 'BCDAMTEX' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

Basis amount	Amount To *	Currency Rate Type *
--------------	-------------	----------------------

In this screen, you can specify the amount slabs for a branch, module and product combination.

Branch Code

Each branch of your bank is identified by a unique code. All authorized and active branch codes are available in the option-list. You can select the appropriate branch code from the list.

Module Code

Like wise, all the modules (like Loans & Deposits, Letters of Credit, Bills & Collections, Funds Transfer etc) available in your bank are also displayed in an option-list. All active and authorized records are available for selection. You can select the appropriate module code from the list.

Product Code

The various products/services offered by your bank are also available in an option-list. Select the product code from the list. Alternatively, you can also maintain the cut-off amounts that will be applicable for all the branches, modules, and products of your bank. You can make the following selections to do this:

- Branch Code – ALL (all branches)
- Module Code – AL (all modules)
- Product Code – ZALL (all products)

Amount Tag

Amount tags identify the various components (eg Bill Amount, Loan Principal, LC Amount etc.) involved in a contract. You can maintain the cut-off amount slabs for:

- All: The maintenance will be applicable to all the amount tags available in the system (Module tags and Non-module tags).
- Module: The amount tags that are specific to a particular module are known as Module Tags. For eg the amount tag PRINCIPAL is specific to the Loans module, BILL_AMOUNT is defined for the Bills module and so on.
- Non-Module: The amount tags that are internally created by the system are referred to as Non-Module tags. The system will automatically create the amount tags for the Interest, Tax, Charge, and Commission components that you define for a product.

Basis Amount

Specify the floor basis amount. The upper limit of the previous amount slab gets defaulted as the Floor Basis Amount.

Amount To

Specify the ceiling limit of the slab.

Click add icon to capture each subsequent amount slab.

Currency Rate Type

You can associate a different exchange rate type with each cut-off amount slab that you have maintained. All authorized and active rate types defined in your system are available in the option-list. Select the appropriate rate type for each amount slab.

Example

You have maintained the following cut-off amount slabs, and the corresponding exchange rate types & exchange rates to be applied on LC contracts processed at your bank:

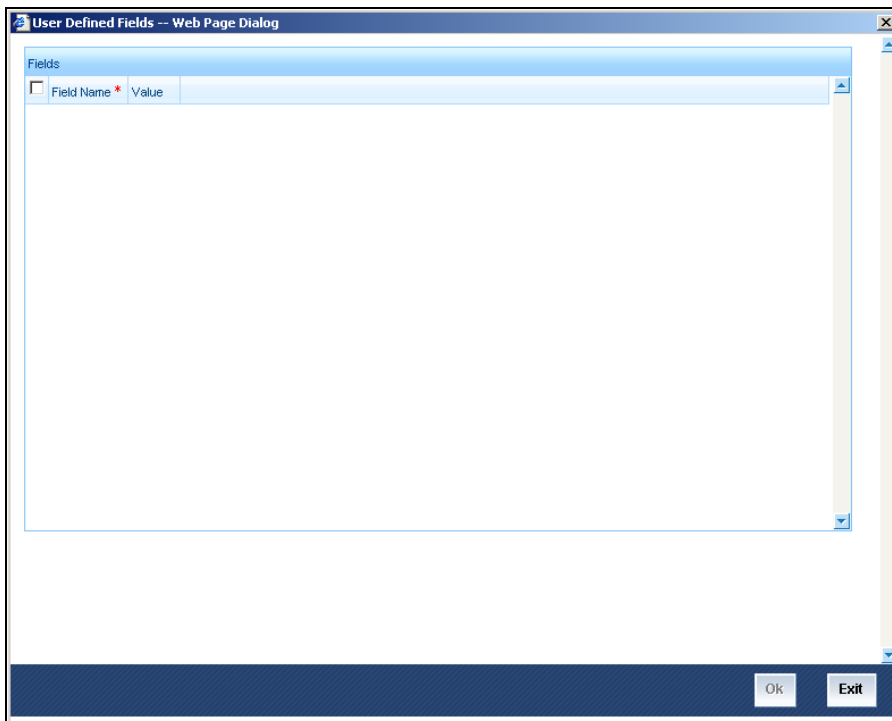
Cut-Off Amount Slabs (in Local Ccy - USD)	Exchange Rate Type	Exchange Rate (for GBP to USD conversion)
0-25,000	STANDARD	1.684

Cut-Off Amount Slabs (in Local Ccy - USD)	Exchange Rate Type	Exchange Rate (for GBP to USD conversion)
>25,000	COUNTER	1.897

Let us assume that you are processing an LC contract for GBP 20,000. The local currency of your bank is USD. In such a case, the system will first convert GBP 20,000 into the local currency equivalent using the Standard mid rate. Assuming that the mid rate is 1.5, the converted amount works out to USD 30,000. The system will then validate the converted amount against the cut-off amount slabs maintained. USD 30,000 (converted amount) falls in the second slab (>25,000). The exchange rate type maintained for this slab is 'COUNTER' and the corresponding exchange rate is 1.897. The actual conversion of the transaction amount takes place using the COUNTER rate of 1.897. Therefore, the USD equivalent of 20,000 GBP works out to 37,940.

3.8.1 Specifying UDF Values

You can specify values for all the User Defined fields (UDFs) created and attached to the 'Bills and Collections Exchange Rate Type Maintenance' screen. You can view the list of UDFs associated to this screen by clicking 'Fields' button.



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

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

3.8.2 Operations on Exchange Rate Type Maintenance Record

On an existing Exchange Rate Type Maintenance record, you can perform the following operations (if any function under the Actions Menu is disabled, it means that the function is not allowed for the record):

- Amend the details of the record
- Authorize the record
- Copy the details of a record on to a new record
- Close the record
- Reopen the closed record
- Print the details of a record
- Delete the record

Refer to the manual on Common Procedures for details of these operations.

3.9 Maintaining INCO Terms

INCOTERMS or international commercial terms indicate who will bear the freight, insurance and ancillary charges i.e. charges relating to an import or export consignment other than the cost of the goods/service. Additionally, they also determine which party will make arrangements to clear the goods from a port or airport. There are 13 INCO terms given by the ICC (full form required).

Each INCO term is a three-letter code stating the responsibility of the seller i.e. the beneficiary in an LC. For instance 'EXW' states that the responsibility of the seller is limited to keeping the goods at his factory ready for export and it is the buyer's responsibility to pick it up and arrange for onward freight and insurance. Under 'FOB' the seller is responsible for securing export clearance and placing the goods on board a ship in his country. From that point on i.e. the cost relating to the freight, transit insurance and clearing the goods for import are the buyer's responsibility. 'CIF' states that the seller is responsible for the freight/transport charges and insurance upto the point of destination. 'DDP' indicates that the seller has to take complete responsibility to arrange and pay for transport, insurance and export/import clearances. An INCO term is also specific to the mode of transport used. The terms 'FAS', 'FOB', 'CFR' and 'CIF' should only be used when the shipment mode is sea.

You can associate documents and clauses to INCO terms as part of a one-time maintenance for your bank. You can do this through the 'INCO Term Document Maintenance' screen. You can invoke this screen by typing 'BCDINCOD' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

INCO Term Document Maintenance -- Web Page Dialog

Document Details

INCO Term *

Document Code *

Description

Clause Details

Clause Code	Description
-------------	-------------

Input By: ELIZA1 Date Time Modification Number Open Authorized By Date Time Authorized Cancel

Here, you need to specify the following:

INCO Term

The following are the INCO terms for which you can maintain documents and clauses:

- EXW - EX Works
- FCA - Free Carrier
- FAS - Free Alongside Ship
- FOB - Free On-Board
- CFR - Cost and Freight
- CIF - Cost Insurance Freight
- CPT - Carriage Paid to
- CIP - Cost Insurance Paid
- DAF - Delivered at Frontier
- DES - Deliver Ex Ship
- DEQ - Delivered Ex Quay
- DDU - Delivered Duty Unpaid
- DDP - Delivered Duty Paid

Document Code

You need to associate a valid document to an INCO term. All valid document codes maintained (through the 'Bills and Collections Document Master Maintenance' screen) in your current branch are made available here for selection. You can associate any number of valid documents to an INCO term.

Description

A brief description of the chosen document is displayed here.

Clause Code

To each document associated with an 'INCO Term', you need to associate a clause. The adjoining option list displays all clause codes maintained in through the 'Clause Maintenance' screen. You can choose the appropriate one.

To each document associated with an 'INCO Term', you can associate any number of clauses.

Description

A brief description of the chosen clause is displayed here.

3.9.1 Operations on INCO Term Maintenance Record

On an existing INCO term maintenance record, you can perform any one of the following operations (if any function under the Actions Menu is disabled, it means that the function is not allowed for the record):

- Create a record
- Unlock and amend the details of the record
- Delete the record

During the 'amend' operation, you can amend the clause code only.

Refer to the chapter on common procedures for details on each of these operations.

3.10 Maintaining Open Insurance Policy Details

A trader can enter into an open insurance policy with an insurance company to insure all goods in transit falling within that agreement for an indefinite period, until the agreement is cancelled by either party. You can capture details of such insurance policies using the 'Open Policy Maintenance' screen. You can invoke this screen by typing 'LCDOPNPL' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

Here you can capture the following details:

Open Policy Code

Specify a unique alphanumeric code to identify the policy. You can specify a maximum of 105 characters.

Insurer

Specify the insurer who has issued the policy. The adjoining option list displays all insurance companies maintained using the 'Bills & Collections Insurance Company Maintenance' screen. You can select the appropriate one.

Customer CIF

Specify the customer identification number (CIF) for whom the policy is issued. The adjoining option list displays all CIF maintained using the 'Customer Information Maintenance' screen. You can select the appropriate one.

Goods

Specify the goods to be linked to the open policy.

Currency

Specify the currency in which the total sum assured and the amount per conveyance should be maintained. The adjoining option lists displays all currency codes maintained in the system. You can select the appropriate one.

Sum Assured Amount

Specify the total amount assured for the policy.

Per Conveyance Amount

Specify the limit to be set for every transaction under the policy.

INCO Term

Specify the INCO term that should be linked to the policy. The adjoining option list displays the following values:

- EXW - EX Works
- FCA - Free Carrier
- FAS - Free Alongside Ship
- FOB - Free On-Board
- CFR - Cost and Freight
- CIF - Cost Insurance Freight
- CPT - Carriage Paid to
- CIP - Cost Insurance Paid
- DAF - Delivered at Frontier
- DES - Deliver Ex Ship
- DEQ - Delivered Ex Quay
- DDU - Delivered Duty Unpaid
- DDP - Delivered Duty Paid

You can choose the appropriate one.

Telex Address

Specify the telex number of the customer.

Warehouse Address

Specify the warehouse address of the customer.

Issue Date

The system displays the application date here. However you can change it.

Effective Date

Specify the date on which the policy becomes effective.

Expiry Date

Specify the date on which the policy expires. Note that this date has to be greater than the effective date.

Cover Date

Specify the cover date for the policy. This date should not exceed the expiry date.

Voyage

Specify details of the shipment that can be undertaken under this policy.

Location

Specify details of the location to which goods can be shipped under this policy.

Risk Covered

Specify details of the risk coverage for goods under this policy.

Utilized Amount

If you have checked the option 'Update utilization Automatically' the system will display the amount that has been utilized out of the total insured sum. If an LC contract is linked, the utilization amount will show the LC contract amount. In case of a BC contract being linked subsequently, the amount will be re-instated accordingly. If that option is not checked, then you need to enter the utilized amount.

If the linked LC contract is reversed or deleted, the utilization will be reduced to the extent of LC amount.

Update Utilization Automatically

Check this option to indicate that the system should automatically update utilization amount based on the transactions undertaken under the policy.

Available Amount

The system displays the amount available for further utilization. This amount is arrived at by subtracting the utilized amount from the total sum assured.

Key Clauses

Specify the clauses that you wish to link to the policy.

Remarks

Specify remarks pertaining to the policy.

Contract Linkage

While querying on records, you can view the following details:

Contract Reference Number

The reference number of the linked LC contract is displayed here.

Currency

The currency of the linked LC contract is displayed here.

Amount

The contract amount of the linked LC contract is displayed here.

While creating a new policy or amending an existing one, you cannot modify the fields under the 'Contract Linkage' section. You can modify the following fields while amending a record:

- Expiry Date
- Voyage
- Location
- Risk Covered
- Per Conveyance Amount
- Key Clauses
- Remarks
- Cover Date
- Utilization Amount (If the option 'Update utilization Automatically' is not checked)
- Update utilization automatically
- Telex Address
- Warehouse Address

3.10.1 Operations on an Open Policy Record

You can perform the following operations on this record:

- New
- Unlock
- Close
- Copy

3.11 Blacklisting LCs

You can black list LCs and collection bills based on a set of criteria that you can define. You can define criteria for black listing LCs and bills in the 'Black Listed Transaction Input' screen. You can invoke this screen by typing 'TFDBKLST' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

The screenshot shows a web page dialog titled "Black Listed Transaction Input -- Web Page Dialog". The main content area is titled "-Black Listed LCs,Guarantees and Collection Bills" and contains a "Serial Number" label and several input fields: "Reference Number *", "Module *", "Currency Code *", "Amount *", "Issue Date *", "Date of Expire *", "No of Matches *", and "Remarks". At the bottom, there is a "Fields" tab and a status bar with fields for "Input By: ELIZA1", "Date Time", "Modification Number", "Open" (checked), "Authorized By", "Date Time", "Authorized" (unchecked), and a "Cancel" button.

You can set up the following criteria for blacklisting LCs and Bills:

- The module to which the contract belongs
- The reference number of the party (For LCs, specify the reference of the Issuer. For Bills, enter the reference of the Remitting bank).
- The Currency Code of the contract
- The Contract Amount
- The Issue Date and
- The Expiry Date

Number of Matches

Now that you have set up the criteria for black listing contracts, you need to indicate the number of the above criteria that should be used to black list LCs and Bills.

Example

You indicate 2 in the field Number of Matches. All LCs/Bills that match at least two of the blacklisting criteria that you specified will be displayed for blacklisting.

After you indicate the blacklisting criteria, select 'Save' from the Actions menu or click save icon to save the record. A message with the Reference Number of the LCs/Bills that matches the blacklisting criteria that you specified is displayed. You can choose to blacklist the contract or ignore the message.

If you enter a new LC/Bill that matches the blacklisting criteria, you will be prompted for an override. Similarly, if you attempt to amend the details of a blacklisted LC/Bill, you will be prompted with an override.

3.12 Maintaining Branch Parameters for Letter of Credit

You can maintain letter of credit details specific to a branch using the 'Letters of Credit Branch Parameters' screen. These parameters can be maintained for each branch of your bank. You can invoke this screen by typing 'LCDBRPRM' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

The screenshot shows a web-based dialog box titled "Letters of Credit Branch Parameters Maintenance -- Webpage Dialog". It is divided into two main sections: "Branch Details" and "Batch Processing".

- Branch Details:** Contains a "Branch Code" field with a dropdown arrow and a "Branch Name" text field.
- Batch Processing:** Contains several fields:
 - "Accrual Entries Level" with a dropdown menu currently set to "Contract".
 - "Process Till Next Working Day -1" with a dropdown menu currently set to "Next Working Day -1".
 - A checkbox labeled "User Reference Number in Messages".
 - "Discrepancy Notice Period" with an empty text input field.

At the bottom of the dialog, there is a "Fields" section with the following labels: "Maker", "Checker", "Date Time:", "Date Time:", and "Mod No". To the right of these labels are two checkboxes: "Authorized" and "Open", and a "Cancel" button.

The following details can be captured here:

Branch Details

Branch Code

Specify the branch code for which you need to maintain specific parameters. Alternatively, you can select the branch code from the adjoining option list also. All branch codes maintained in the system will be available in the list of values for selection.

Branch Name

The branch name is defaulted based on the branch code selected.

Batch Processing

Accrual Entries Level

Select the option to indicate the level at which accrual has to be done and entries have to be passed, from the drop-down list. The options available are:

- Product
- Contract

Process till next working day

Select the day on which automatic events such accrual, liquidation etc. falling due on a holiday, should be processed, from the drop-down list. The following options are available for selection:

- Next Working Day – 1
- System Date – If you select this option the processing of events falling due on a holiday will be done on the System Date.

User Reference Number in Messages

Check this box to include User Reference Number in messages.

Discrepancy Notice Period

Specify a period within which the discrepancy details should be added to the bills processed under LCs. This period will be calculated from the date of presentation of the bills (which is typically the booking date of the bill) to the issuing bank/confirming bank.

The system will display an override if the discrepancies are added to the bills (in the Bills Contract Details screen) after the discrepancy notice period.

4. Defining Product Attributes

4.1 Introduction

In this chapter, we shall discuss the manner in which you can define attributes specific to a Letters of Credit product. You can create a loans product in the Letters of Credit (LC) Product Definition screen, invoked from the Application Browser.

4.2 Creating LC Product

The basic information about the product such as the Product Code and its description is captured through the 'Letters of Credit Product Definition' screen. Information related to specific attributes of a product can be defined in subsequent screens that can be invoked from the product definition screen. You can invoke this screen by typing 'LCDPRMNT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. The 'LC Product Definition' Screen is displayed. From this screen choose 'New' from the Actions menu or click new icon on the toolbar. The 'Product Definition' screen will be displayed with no values in the fields. From the 'Summary' screen you can open an existing product. The details of the products that you have created will be displayed in a tabular form.

The screenshot shows a web-based form titled "Letters Of Credit Product Definition -- Web Page Dialog". The form includes the following fields and controls:

- Product Code * (text input)
- Description * (text input with a help icon)
- Product Type (text input with a dropdown icon)
- Slogan (text input with a help icon)
- Product Group (text input with a dropdown icon)
- Start Date (date picker)
- End Date (date picker)
- Remarks (text input with a help icon)
- Revolving: Yes, No

At the bottom, there is a toolbar with tabs for: Accounting Roles, Events, Branch & Currency, Customer, Preferences, Commission, Free Format Text, Tracers, Charges, and Tax. Below this, a "Fields" tab is active, displaying a table with the following columns and values:

Input By	ELIZA1	Date Time	Modification Number	<input checked="" type="checkbox"/> Open
Authorized By		Date Time		<input type="checkbox"/> Authorized

A "Cancel" button is located at the bottom right of the dialog.

You can define the attributes specific to a letters of credit product in this screen.

The buttons on this screen are explained below:

Buttons	Description
Accounting Roles	Click this button to define the accounting role to accounting head mapping.
Events	Click this button to select the events for the product and then maintain event-wise accounting entries and advices.
Branch and Currency	Click this button to maintain the list of allowed/ disallowed branches and currencies for the product.
Customer	Click this button to maintain the list of allowed/ disallowed customers/customer categories.
Preferences	Click this button to define preferences like tenor, Prepayment option etc.
MIS	Click this button to capture MIS related parameters.
Commission	Click this button to define the Commission details.
Charges	Click this button to define charge components, rules, events and other associated details.
Tax	Click this button to associate tax rules and select tax currencies.
Fields	Click this button to provide values for the UDFs associated with the screen.
Free Format Tax	Click this button to attach the Documents and Free format text required for the Product. If you specify details in this screen for a 'Reimbursement' type of product, the system will display an error message while saving the product.
Tracers	Click this button to enter details of the tracers that should be generated for all LCs under this product.

For any product you create in Oracle FLEXCUBE, you can define generic attributes, such as branch, currency, and customer restrictions, interest details, tax details, etc., by clicking on the appropriate icon in the horizontal array of icons in this screen. For a letters of credit product, in addition to these generic attributes, you can specifically define other attributes. These attributes are discussed in detail in this chapter.

Product Code

The code you assign to a product will identify the product throughout the module. The code should contain four characters. You can follow your own convention for devising the code, however, at least one of the characters should be a letter of the English alphabet.

Since the code that you define is used to identify the product, it should be unique across the modules of Oracle FLEXCUBE. For instance, if you have assigned the code 'LC01' to a particular product in this module, you cannot use it as a code in any other module.

Description

You can enter a brief description of the product, which will be associated with the product for information retrieval purposes.

Product Type

The product type identifies the basic nature of a product. An LC product that you create in Oracle FLEXCUBE can be of the following types:

- Import LC - This is the basic LC product opened at the request of the importer (applicant) by the issuing bank in favour of an exporter beneficiary.
- Export LC - When an import LC has to be conveyed to the beneficiary through an advising bank, for the advising bank this is an export LC.
- Guarantee – This is an undertaking by the guarantor (bank) to make payment to the beneficiary of the guarantee in the event of a default by the applicant of the guarantee. Usually, the only document required for payment is a simple invocation letter. Guarantees are normally used in performance contracts.
- Standby Guarantee -This is used for normal trade works like a guarantee. It is popular in the USA and is characterized by ease of operations. Unlike import LCs, only a single document is required for the bank to make payment.
- Shipping Guarantee - This again operates on the lines of a guarantee but is used in the scenario where the shipping company releases the goods to an importer in lieu of a bill of lading (transport document) subject to a guarantee being issued in its favour.
- Clean LC - A LC not backed by documents. Usually the only document in a clean LC would be the draft or bill of exchange. This type of LC is used where the goods have already been received and only the payment has to be settled through banking channels.
- Advice of Guarantee - When a guarantee has been received by a bank and is to be advised further to the beneficiary's bank the product to be created would be an advice of guarantee.
- Reimbursement

The entries that are passed, the messages that are generated and the processing of contracts involving the product, is determined by your input to this field.

Product Group

Each product is classified under a specific group. The different groups are defined in the Product Group Definition table.

Slogan

You can specify a marketing punch-line to be associated with the product. This slogan will be printed on all the advices that are sent to the customer, for an LC involving this product.

Revolving

LC products can be revolving or non-revolving. If you indicate that the product is revolving, you can associate the product with only revolving LCs. While actually processing revolving you can indicate whether the LC should revolve in time or in value. Note that if the product type is 'Reimbursement', the system will automatically select the option 'No'. You will not be able to change it.

Similarly, if you indicate that the product is non-revolving, you can associate the product to only non-revolving LCs.



All LCs will be of irrevocable nature.

Start/End Date

A product can be set up for use over a specific period, by defining a start and an end date. The Issue Date of an LC involving a product should be:

- The same as or later than the Start Date.
- The same as or earlier than the End Date.

The start and end dates of a product come in handy when you are defining a product for a scheme, which is open for a specific period.

Remarks

You can enter information about the product, intended for the internal reference of your bank. The remarks are displayed when the details of the LC are displayed or printed. However, this information will not be printed on any correspondence with the customer.

To maintain the allowed and disallowed customer and customer categories, you have to click the button and invoke the 'Customer and Customer Restrictions' screen.

4.2.1 Specifying Preferences for a Product

Preferences are the options available for defining the attributes of a product. The options you make here will ultimately shape the product. Click 'Preferences' button to invoke the 'Letters of Credit Product Preferences' screen. Through this screen you can define preferences for the product you are creating.

The Preferences that you define for a product will be applied to all the LC contracts involving the product.

Product Code and Product Description

The Product Code and the description get defaulted from the main product screen.

Note that if the product you are creating is of the type 'Reimbursement', you will be able to specify only the following details:

- Limit Tenor Calculation Type
- Rekey Requirements
- Tolerance
- Exchange Rate

4.2.1.1 Specifying Tenor Related Details

You can set the Standard, Minimum and the Maximum limits for tenor based LCs. The tenor details that you specify for an LC product is always expressed in days.

Standard

The standard tenor is the tenor that is normally associated with an LC involving a product. The standard tenor of an LC is expressed in days and will apply to all LCs involving the product. If you do not specify any specific tenor while processing an LC, the standard tenor will by default apply to it.

The default standard tenor applied on an LC can be changed during LC processing. An expiry date will be calculated based on the tenor, as follows:

$$\text{Expiry Date} = \text{Effective Date} + \text{Tenor}$$

Maximum

You can fix the maximum tenor of a product. The tenor of the LCs that involves the product should be less than or equal to the Maximum tenor specified. If not, an override will be required before the LC is stored.

Minimum

The minimum tenor of a product can be fixed. The tenor of the LCs that involves the product should be greater than or equal to the minimum tenor that you specify. If not, an override will be required before the LC is stored.

Example

You have defined an LC product, to cater to tenor based import LCs. The minimum tenor specified for this product is 100 days and the maximum tenor is 1000 days. You have also specified a standard tenor of 500 days.

Under this product, you can process LCs with a tenor between 100 and 1000 days. As you have specified the standard tenor as 500 days, by default, an LC involving this product will have a 500 day tenor. At the time of processing the LC you can however, change this tenor to anything between the Minimum and Maximum tenor limits. This is done by changing the Expiry Date of the LC. If the new tenor falls outside the range defined as the maximum and minimum tenors, an appropriate override will be sought.

Cash Collateral Percentage

For a product, you can fix the percentage of the LC amount that should be taken as cash collateral. This percentage will be applied by default and can be changed when the LC is processed. In addition, the currency in which the collateral is to be collected can be specified in the LC Contract Collateral screen, while processing an LC.

Example

For a guarantee product, you have specified that customers should offer cash collateral to the tune of 50% of the LC amount. If you enter a guarantee, using this product, valued at USD \$100,000, a sum of USD \$50,000 which is 50% of the guarantee amount will be collected as cash collateral when the guarantee is issued.

If you enter a guarantee using this product, valued at GBP 500,000, then a sum of GBP 250,000 which is 50% of the guarantee amount will be collected as cash collateral when the guarantee is issued. You can collect the cash collateral in a currency different from the guarantee currency.

4.2.1.2 Specifying LC Authorization Re-key Fields

All operations on an LC (input, modification, reversal, etc.) have to be authorized by a user other than the one who carried out the operation. Authorization is a method of cross checking the inputs made by a user. All operations on an LC, except placing it on hold, should be authorized before beginning the End of Day operations.

You have the option to specify whether certain important details of an LC need to be re-keyed, at the time of authorization. If you indicate positively, you should also specify the fields that will have to be re-keyed at the time of contract authorization. You can specify any or all of the following as re-key fields:

- Amount
- Currency
- Customer
- Maturity date
- Value date

When you invoke an LC for authorization – as a cross-checking mechanism to ensure that you are calling the right LC – you can specify that the values of certain fields should be entered before the other details are displayed. The complete details of the LC will be displayed only after the values to these fields are entered. This is called the 're-key' option. The fields for which the values have to be given are called the 're-key' fields.

If no re-key fields have been defined, the details of the LC will be displayed immediately once the authorizer calls the LC for authorization. The re-key option also serves as a means of ensuring the accuracy of inputs.

INCO Term

Specify the INCO term that should be linked to all contracts under this product. The adjoining option list displays all INCO terms available in the system. You can select the appropriate one.

4.2.1.3 Commission Related Preferences

You can specify the following details.

Collection

Indicate when the commission components of an LC should be collected. Commission on an LC can be collected in the following ways:

- Advance - Select 'Advance' to indicate that the commission components of the LC should be collected at the time the LC is initiated.
- Arrears - Select 'Arrears' to indicate that the commission components of the LC should be collected on the maturity date of the LC.

Choose an option to suit the product you are creating.

Calculation

You can have the commission amount that is due to an LC collected in one of the following ways:

- **Periodic** - Indicate periodic if commission is to be collected in portions over a period in time. Periodic commission is calculated on the basis of a set of parameters that you define. The values of these parameters as of the beginning of the period are used as they may change when a periodic amount is calculated. For instance, the current outstanding LC amount may be lower at the time of commission collection than at the beginning of the period, because an availment had been processed. When commission is collected on a periodic basis, it will be collected automatically, based on the rate period that you specify. Periodic commission can be collected either in advance or in arrears, depending on your specification. This specification is made in the Product Preferences screen also. The amount collected will always be for the current period.
- **Non-periodic** - Indicate non-periodic if the commission amount due to an LC is to be collected as a single sum. In this case, a single commission amount is calculated at the time you enter an LC using a set of parameters that you have defined for the LC. For *advance* collections the commission is collected at the time you enter the LC. If it is collected in *arrears*, then the commission is collected on the expiry date.

Retrospective

Check this option to indicate that commission is collected retrospectively.

Start Date

Specify the start date for commission calculation.

Include To Date

Check this option to indicate that the end date for commission calculation should be included in the calculation tenure.

Refer the Commissions User Manual under Modularity for further commission related preferences.

4.2.1.4 Specifying Tolerance

Tolerance denotes the variance that has to be built around the LC amount, to arrive at the Maximum LC amount.

Positive

A positive tolerance is the percentage that should be added to the LC amount to arrive at the Maximum LC amount. When an LC is issued or advised, the Maximum LC amount will be the outstanding LC amount. This will be the maximum amount available for availment.

Negative

The negative tolerance is the percentage that should be subtracted from the LC amount. The minimum tolerance is captured for information purposes only. The tolerance percentage can be changed when an LC is processed under a product.

The positive and negative tolerance amounts will be a part of the LC instrument and the subsequent amendment instruments. You should use the positive tolerance to indicate the amount that is uncovered, in the LC amount. Instances could be of the freight or insurance not being paid.

Closure Days

You can also maintain the number of days after which all LCs processed under the product being defined, will be closed. The number of days specified here is calculated from the expiry date of the LC to arrive at the closure date, as follows:

$$\text{LC Closure Date} = \text{LC Expiry Date} + \text{Closure Days}$$

By default, the system will display 30 days as the closure days. You are allowed to change this value. At the time of capturing the details of an LC contract, the system will calculate the closure date, based on the closure days that you have maintained for the product involved in the contract. However, you can change the date to any other date after the expiry date.

Example

For the import LC product, LCIR, your bank has specified the closure days as 20 days.

Let us assume that the expiry date of the LC Contract involving LCIR is 29th February 2000. The system will calculate the closure date as 20th March 2000. This is arrived at, by adding the number of closure days to the expiry date of the LC (i.e. 29th Feb + 20 days = 20th March).

4.2.1.5 Specifying Exchange Rate Related Details

You can specify the exchange rates to be picked up and used, when an LC in a foreign currency, is processed.

Default Rate Type

Specify the rate type to be used to process an LC.

The exchange rate variance is applicable only if the defaulted rates are changed for an LC, in a foreign currency. For the rate type applicable, you can specify the variance based on which, either an override should be sought or the LC should not be saved.

Rate Override Limit

If the variance between the rate defaulted and the rate input is a percentage that lies between the Rate Override Limit and the Rate Stop Limit, the LC can be saved by giving an override.

Rate Stop Limit

If the variance between the rate defaulted and the rate input is a percentage value greater than or equal to the Rate Stop Limit, the LC cannot be saved.

Example

For a product, you have specified the override range as between 7% and 30%. In such a case the entries in these fields would read as follows:

- Rate Override Limit - 7%
- Rate Stop Limit - 30%

You enter an LC involving this product. This is a cross currency contract involving the American and the Australian dollar. Also assume that the standard mid-rate for the currency pair is 1.25. We shall examine the three possible situations that you can encounter.

Below the override limit - Let us assume that for the LC you have specified the exchange rate to be 1.2. In this case the exchange rate exceeds the standard rate by 4%. The LC will be processed without any override.

Within the override limit - If you have specified the exchange rate to be 2.0. In this case you exceeded the standard rate by 20%. You will be prompted to confirm the override. If you confirm the override the LC will be processed using these rates.

Above the override limit - Let us visualise a situation in which you have specified the exchange rates to be 2.5. In this case you have exceeded the standard rate by 100%. In such a case an error message will be displayed and you will not be allowed to continue until the exchange rate you specify is within the permissible limit of 7-30%.

4.2.1.6 Specifying Period of Presentation

As part of the preferences you define for a product, you can specify the manner in which the Period of Presentation should be calculated for the documents that accompany LCs processed under the product. The period of presentation can be arrived at in two ways.

Number of Days

Firstly, you can specify it directly, in terms of days, in the Number of Days field. Typically, this would be 21 days. (However, you can change this to suit your need.) If you choose this option, the number of days specified will *default* to all LCs processed under the product. The value will default to the 'Period For Presentation' field in the LC Contract – Others screen.

Calculated Days

You can opt to calculate the period of presentation as follows:

Expiry Date of the LC – Latest Shipment Date

(You would choose this option if the period of presentation varies for each LC processed under a product.) To specify this manner of calculating the period of presentation, choose the 'Calculated Days' option.

The system uses the Expiry Date and the Last Shipment Date specified for the LC you are processing, and arrives at the period of presentation. The period of presentation defined for the product - or calculated for the LC, as the case may be - will be displayed in the 'Period For Presentation' field in the LC Contract - Others screen. You can change the default to suit the LC you are processing.

4.2.1.7 Generating LC Expiry Advices

While creating an LC product, you can indicate whether an expiry advice should be generated for LCs involving the product.

Required

Check this option to indicate that an expiry advice should be generated for LCs involving the product.

Expiry Advice

These advices are generated based on the preferences that you specify for them. Select the appropriate option on the screen to indicate your preference. If you indicated that an expiry advice should be generated, you need to indicate:

- Before – Select this option if the advice is to be generated before expiry.
- After Days with New value Date - Select this option if the advice is to be generated after expiry.

Notice Days

Specify the number of days before/after expiry when the advice should be generated.

4.2.1.8 Generating LC Closure Advices

While creating an LC product, you can indicate whether a closure advice should be generated for LCs involving the product.

Required

Check this option to indicate that a closure advice should be generated for LCs involving the product.

Closure Advice

These advices are generated based on the preferences that you specify for them. Select the appropriate option on the screen to indicate your preference. If you indicated that a closure advice should be generated, you need to indicate:

- Before – Select this option if the advice is to be generated before closure.
- After Days with New value Date - Select this option if the advice is to be generated after closure.

Notice Days

Specify the number of days before/after closure when the advice should be generated.

Rate Code

When defining the settlement details for a product, you can specify the rate type (under the Rate Code option) that should be used in case of cross-currency settlements. Your specification for the product will default to all contracts involving the product. However, you can change the rate type defined for the product to suit a contract entered under the product. The 'rate type' indicates the type of exchange rate that will be used. It can be:

- Mid rate maintained for the currency pair
- Buy or Sell rate depending upon the nature of the transaction (debit or credit).

4.2.1.9 Specifying Applicable Rules

You need to indicate the rules applicable for the guarantee.

Applicable Rule

Indicate the rule applicable by selecting the appropriate value from the list of values. The available values are as follows:

- ISPR: The guarantee is subject to International Standby Practices.
- URDG: The guarantee is subjected to the ICC Uniform rules of Demand Guarantees.
- OTHR: The guarantee is subjected to another set of rules
- NONE: The guarantee is not subjected to any rules



Note the following:

- The above values are applicable only for Guarantee type of products.
- The default value of Applicable Rule is set to NONE. This is applicable only for Guarantee type of products.

For Import and Export type of products, the following values are applicable:

- UCP LATEST VERSION
- EUCP LATEST VERSION
- UCPURR LATEST VERSION
- EUCPURR LATEST VERSION
- ISP LATEST VERSION
- OTHR: The guarantee is subjected to another set of rules



Note the following:

- If the guarantee is subjected to rules other than that provided in the list of values, the applicable rule must be indicated as 'OTHR'.

- The default value of Applicable Rule is set to UCP LATEST VERSION. This is applicable only for Import/Export type of products.
- Based on the product type, the list of values will display rules applicable for the product.
- 'Applicable Rule' and 'Rule Narrative' will be enabled only for import, export and guarantee product types.

Rule Narrative

This is enabled only if 'Applicable Rule' is set to 'OTHR'. It is mandatory to specify the rule narrative if the applicable rule is 'OTHR'. You need to describe the Applicable rule here. Oracle FLEXCUBE will validate the rule narrative for slashes.



Note the following:

- 'Rule Narrative' should not start or end with '/' or should not have two consecutive slashes.
- The above fields will be enabled only for a guarantee.
- The Applicable Rule and Rule Narrative cannot be amended after authorization.

LIFO/FIFO Rule

Specify the order in which the availment under this contract should be processed. You can choose one of the following options:

If multiple amendments are made to the LC contract amount, then the system applies the FIFO/LIFO rule when utilization is made against the LC contract.

- LIFO – LC amount will be utilized in 'First In First Out' order when availment is triggered against the multiple amended LC contract.
- FIFO – LC amount will be utilized in Last In First Out order when availment is triggered against the multiple amended LC contract.

The system will calculate the commission accordingly.

The system applies FIFO / LIFO rule when it finds that multiple amendment has been made to an LC contract against which utilization has been completed.

Confirmation Required

Check this option to indicate that confirmation message is required for all LCs under this product.

Allow Prepay

Check this option to indicate that prepayment should be allowed for commissions that are marked as 'Arrears'.

4.2.1.10 Specifying Accrual Details

Specify the following accrual details.

Frequency

Specify the frequency of accrual for commission, charge or fees. The frequency can be one of the following:

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

In case of monthly, quarterly, half yearly or yearly accruals, you should specify the date on which the accruals have to be done during the month. For example, if you specify the date as '30', accruals will be carried out on the 30th of the month, depending on the frequency.

If you fix the accrual date for the last working day of the month, you should specify the date as '31' and indicate the frequency. If you indicate the frequency as monthly, the accruals will be done at the end of every month -- that is, on 31st for months with 31 days, on 30th for months with 30 days and on 28th or 29th, as the case may be, for February.

If you specify the frequency as quarterly and fix the accrual date as the last day of the month, then the accruals will be done on the last day of the month at the end of every quarter. It works in a similar fashion for half-yearly accrual frequency.

If you set the accrual frequency as quarterly, half yearly or yearly, you have to specify the month in which the first accrual has to begin, besides the date.

Month

If you choose one of the following options for accrual frequency, specify the month in which the first accrual has to begin:

- Quarterly
- Half-yearly
- Yearly

Day

If you choose one of the following options for accrual frequency, specify the date on which the accruals have to be done during the month:

- Monthly
- Quarterly
- Half-yearly
- Yearly

4.2.2 Specifying Accounting Roles

Click 'Accounting Roles' button to maintain accounting roles for the product.

The screenshot shows a web page dialog titled "Accounting Roles -- Web Page Dialog". It contains the following fields and controls:

- Product Code: _____
- Product Description: _____
- Class Code: _____
- Class Code: _____
- Class Description: _____
- Default From Class: [Button]
- Roles table:

<input type="checkbox"/>	Accounting Role	Description	Account Head	Description
--------------------------	-----------------	-------------	--------------	-------------
- Buttons: [Ok] [Cancel]

4.2.3 Specifying Events

Click 'Events' button to maintain accounting roles for the product.

The screenshot shows a web page dialog titled "Product Event Accounting Entries -- Web Page Dialog". It contains the following fields and controls:

- Product Code: _____
- Product Description: _____
- Class Details: _____
- Class Code: _____
- Description: _____
- Default From Class: [Button]
- Events table:

<input type="checkbox"/>	Event *	Description
--------------------------	---------	-------------
- Buttons: [Accounting Entries] [Advices] [Ok] [Cancel]

4.2.3.1 Specifying Event for Reissue of Guarantee

You must associate the event REIS for an LC product for processing of reissue of guarantee. The system will display the REIS event during Events definition in the Product Maintenance.

Refer to Products user manual for detailed explanation of 'The Product Event Accounting Entries and Advices Maintenance screen'.

4.2.3.2 Generating advices for the Insurance Company

For generation of advice to insurance company at the time of opening or amending the LC, you need to associate the message type 'LC_INSURANCEADV' for the events BISS and AMND respectively. During authorization of these two events, the system will process the messages for all import LCs.

Refer to Products user manual for the procedure to define advices that are generated for each event.

All the messages are sent to the insurance company via mail. For this reason, you need to specify the insurance code (Receiver) and the mailing address of the Insurance Company in the LC Drafts screen.

Refer to the Annexure chapter to view an advice sample generated for the insurance company.

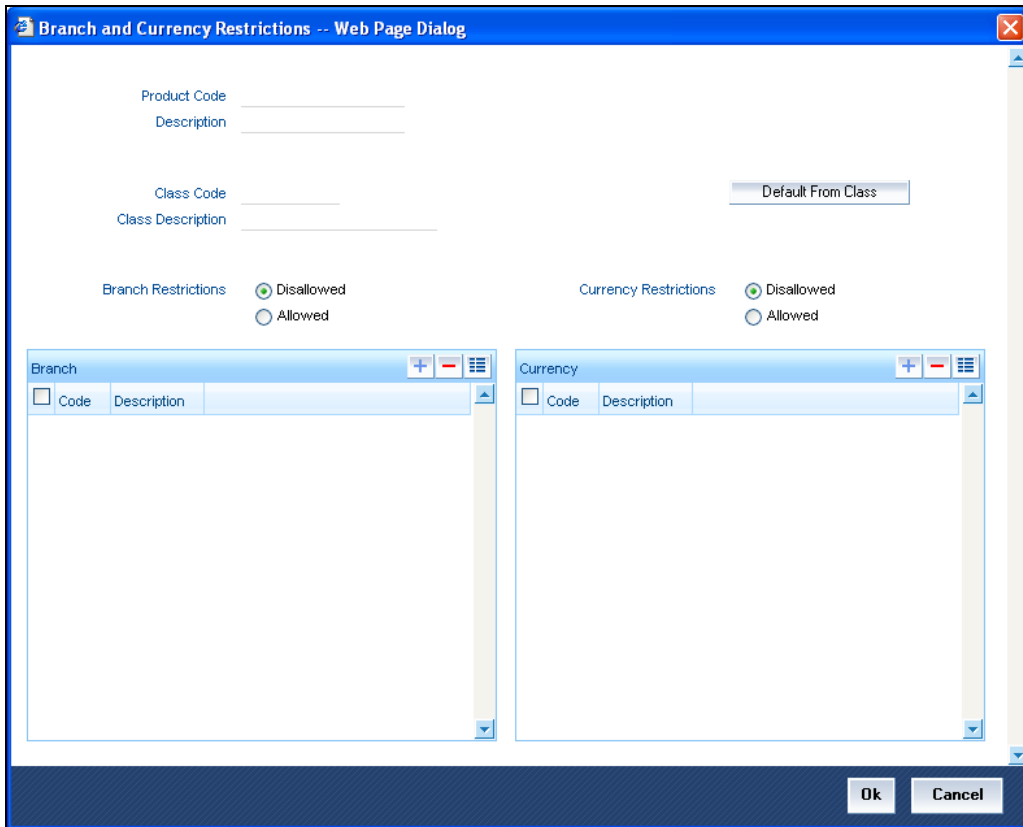
4.2.3.3 Generating Advices for Faxing LC Confirmation to Counterparty

For generation of advice to the counterparty at the time of confirming an LC, you need to associate the message type 'LC_INSTR_COPY' and 'LC_AM_INST_COPY' for the events BISS and AMND respectively. During authorization of these two events, the system will process the messages for confirmed LCs.

Refer to the Annexure chapter to view an advice sample generated for faxing the confirmation to the counterparty.

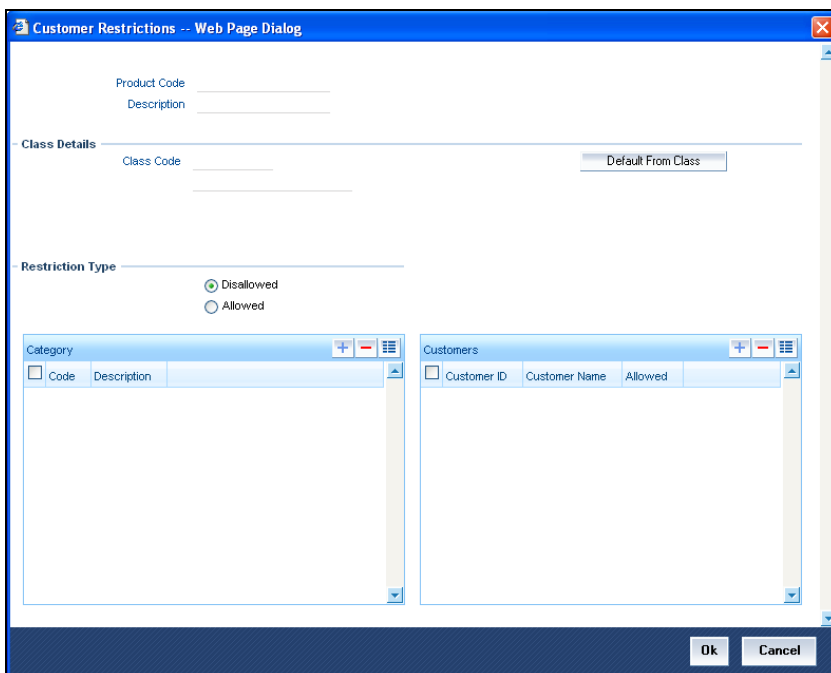
4.2.4 Specifying Branch and Currency

Click 'Branch & Currency' button to maintain branch and currency restrictions.



4.2.5 Specifying Customer Details

Click 'Customer' button to maintain customer restrictions.



4.2.6 Specifying Commission Details

Click 'Commission' button to maintain commission details.

The screenshot shows the 'ICCF Details -- Web Page Dialog' window. It features several sections for data entry:

- ICCF:** Fields for Product, Component, Rule Identification, and Event.
- Basis:** Amount Type, Category (Normal), and Settlement Currency. Includes checkboxes for 'Accrual Required', 'Allow Amendment', and 'Stop Application'.
- Interest:** Rate Type (Fixed) and Rate Code. Includes a checkbox for 'Main Component'.
- Limits:** A table for 'Product Limits' with columns: Currency, Default Rate, Minimum Rate, Maximum Rate, Minimum Spread, and Maximum Spread.

Buttons for 'Ok' and 'Cancel' are located at the bottom right.

4.2.7 Specifying Free Format Text

Click 'Free Format Text' button to maintain free format messages.

The screenshot shows the 'LC Product - Documents, Free Format Text -- Web Page Dialog' window. It features two main sections for data entry:

- Document Details:** A table with columns: Code, Type, Description, Copies, Originals, and Original Required.
- Clauses:** A table with columns: Clause Code and Description.

Buttons for 'Ok' and 'Cancel' are located at the bottom right.

4.2.8 Specifying Tracer Details

Click 'Tracer' button to maintain tracer details.

Letter of Credit - Tracers -- Web Page Dialog

Product
Product/Code _____ Description _____

Tracer Details

Tracer Code *	Description	Required	number to be Sent	Start Days	Frequency
---------------	-------------	----------	-------------------	------------	-----------

Ok Cancel

4.2.9 Specifying Charge Details

Click 'Charge' button to maintain charge details.

Charge Details -- Web Page Dialog

Product Code _____ Product Description _____

Default From Class

Component Details

Component * _____ Debit/Credit _____

Component Description _____ Add/Subtract _____

Component Number _____ Swift Qualifier _____

Charge Type _____

Third Party Type _____

Net consideration

Advice Charge

Stop Association

Propagation Required

Event Details

Event for Association _____ Event for Liquidation _____

Event Association Description _____ Event Liquidation Description _____

Event for Application _____ Basis Amount Tag _____

Event Application Description _____ Basis Amount Tag Description _____

Rule Details

Settlement Currency _____

Default Waiver

Ok Cancel

4.2.10 Specifying Tax Details

Click 'Tax' button to maintain tax details.

Code _____
Description _____

Scheme _____
Scheme Description _____

Default From Class

Tax Rule	Tax Component	Basis Component	Event	Tax Type
----------	---------------	-----------------	-------	----------

OK Cancel

4.2.11 Specifying MIS Details

Click 'MIS' button to maintain MIS details.

Product Code * _____

MIS Group _____
Pool Code _____

Default from MIS Group

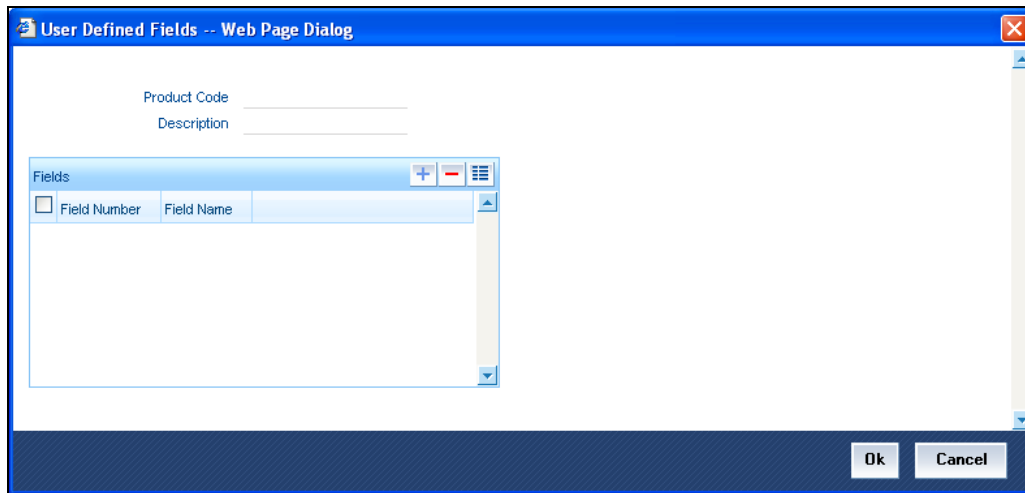
MIS Class	MIS Code
CC_TRANS	

Cost Code

OK Cancel

4.2.12 Specifying UDF Details

Click 'Fields' button to maintain user defined fields.



The screenshot shows a dialog box titled "User Defined Fields -- Web Page Dialog". At the top, there are two input fields: "Product Code" and "Description". Below these is a section titled "Fields" which contains a table with two columns: "Field Number" and "Field Name". The table is currently empty. At the bottom right of the dialog, there are two buttons: "Ok" and "Cancel".

For further information on the generic attributes that you can define for a product, please refer the following Oracle FLEXCUBE User Manuals:

- Products
- Interest
- Charges and Fees
- Commissions
- Tax
- User Defined Fields
- Settlements

5. Processing LC Contract

5.1 Introduction

An LC contract is an instruction wherein a customer requests the bank to issue, advise or confirm a letter of credit, for a trade transaction. An LC substitutes a bank's name and credit for that of the parties involved. The bank thus undertakes to pay the seller/beneficiary even if the remitter fails to pay.

Example

Ms. Keturah Smith (buyer or importer) in India and Mr. Silas Reed (seller or exporter) stationed in Paris agree to a sales contract. In this contract the buyer Keturah Smith, is required to arrange for her bank, Midas Bank, India (buyers bank) to open or issue an LC in favour of the seller, Mr. Reed.

Midas Bank sends the LC to Mr. Reed's bank, Berliner Bank, Paris (advising bank). The advising bank then sends details of the credit to the seller, who is the beneficiary of the credit. On receiving the credit details Mr. Reed, ships the merchandise traded under the LC to Ms. Smith. He then presents the draft and documents to the advising bank. The negotiating bank pays Mr. Reed. On making the payment, Berliner Bank will send the documents to Midas Bank (issuing bank) and will debit the issuing bank's account.

The issuing bank examines the document and charges Ms. Smith's account. It releases the documents to her allowing her to claim the merchandise.

The sequence of the events involved, in processing the LC can be considered an LC contract. The specific letters of credit thus processed for the customers of your bank constitutes a contract. An LC Contract would therefore require information on:

- Who is the buyer or importer
- Who is the seller or the exporter
- The operation that your branch is performing on the LC
- The merchandise traded under the LC
- Specifications for the transportation of the consignment
- The documents that should accompany the LC
- The amount for which the LC is drawn
- Details of the parties involved in the LC
- The type of LC you are processing
- The details of the insurance company under which the goods traded are covered

You have defined products to group together or categorize LC which share broad similarities. Under each Product that you have defined, you can enter specific LCs based on your customers' needs. Each of these will constitute a contract. While products provide a general framework and serve to classify or categorise LCs, contracts are customer specific.

By default an LC inherits the attributes of the product to which it is associated. This means that you will not have to define these general attributes each time you input an LC involving a product.

5.2 Capturing LC Contract Details

You can invoke the 'Letters of Credit Contract Input' screen by typing 'LCDTRONL' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. Click on New from the Actions Menu. The LC contract screen with no values in the fields is displayed.

If you are calling a contract that has already been created, click on the contract reference number in the Summary screen. The details of the contracts that you have entered will be displayed in a tabular form. From the 'Summary' screen, you can open an existing contract by double clicking the contract.

The LC Contract Details screen consists of a header and footer that contains fields specific to the contract being entered. Besides these, you will also notice six tabs and a vertical array of buttons along the lines of which you can enter details of the contract. Contract details are grouped into the various screens according to the similarities they share.

The LC Contract Screen contains six tabs along the lines of which you can enter details of the contract. The six tabs are:

Tabs	Description
Main	Click this tab to enter the essential terms of the LC. This screen along with its fields has been detailed under the head Entering Main Contract Details.
Parties	In the screen that corresponds to this tab, you can enter the details of all parties involved in the LC. This screen along with its fields has been detailed under the head Entering Party Details.
Advices	In the screen corresponding to this tab you can view, suppress and prioritize the advices that are to be generated for a contract. This screen along with its fields has been detailed under the head Specifying Advises

Tabs	Description
	for an LC.
Ships/Documents	In the screen that corresponds to this tab you can enter details of the documents required under an LC and the clauses that should accompany the documents. Besides, you can also specify a description of the merchandise traded under the LC and shipping instructions for the transportation of the merchandise.
Tracers	Click on this tab to enter details of the tracers that should be generated for an LC.
Others	In the screen that corresponds to this tab you can enter details that are to be picked up for the SWIFT messages generated for the LC. This screen along with its fields have been detailed under the head LC Contract details - Others.

On the Contract Detailed screen are also displayed some buttons. They enable you to invoke a number of functions vital to the processing of an LC contract. These buttons have been briefly described below.

Buttons	Description
Drafts	Click this button to capture the details of draft drawn for the LC. You can specify the name of the insurance company that is covering the goods traded under the LC.
Settlement	Click this button to invoke the Settlement screens. Based on the details that you enter in the settlement screens the LC will be settled. The details of these screens have been discussed in the Settlements manual.
Events	Click this button to view the details of the events and accounting entries that a contract involves.
MIS	Click this button to define MIS details for the LC.
Commission	On invoking this button Commission details of the contract is displayed
Charges	This button invokes the Charges, Commissions and Fees (ICCF) service. On invoking this function you will be presented with a screen where the ICCF rate, amount, currency and the waive charge parameter can be specified. The Processing Charges and Fees manual, details the procedure for maintaining charge rules. It also deals with the linking of a charge rules to a product and the application of the rule on an LC. The Processing Commissions manual, details the procedure for maintaining commission rules. It also deals with the linking of a commission rule to a product and the application of the rule on an LC.

Buttons	Description
Tax	This button invokes the Tax services. The Processing Tax manual details the procedure for maintaining tax rules and schemes. It also deals with the linking of a tax scheme to a product and the application of the scheme on an LC.
Collateral	In the screen that corresponds to this button, you can specify details of the cash that you collect as collateral from a customer for the LC that you process. The details of this screen are discussed under the head Specifying Collateral details for an LC.
Linkages	Clicking this button invokes the Contract Linkages screen. In this screen, you can link an LC to a deposit or account, and indicate the funds that you would like to block.
Transfer Details	If the LC is transferred to a new party, you can view the transaction details.
Fields	Click this button to specify values for the user defined fields (UDFs).

Refer the chapter titled 'Capturing Additional Details' in this User Manual for further details about these buttons.

Enter valid inputs into all the mandatory fields or you will not be able to save the contract. After making the mandatory entries for the LC, save the contract by either clicking save icon in the toolbar or selecting Save from the Actions menu.

A contract that you have entered should be authorized by a user bearing a different Login ID, before the EOD is run.



You have the option to amend all the unauthorized entries made for an LC. However, after authorization, certain fields cannot be amended.

Click 'Exit' or 'Cancel' button to go back to the Application Browser.

5.2.1 **Creating Contract**

Through the screens that follow in this section, you can process all types of LCs (import, export, invoice, clean, guarantees, shipping guarantees). You can choose to enter the details of a contract using the following methods:

- Selecting a template that has been created earlier - the details that have been stored in the template will be displayed. You can change the values required in all fields except the Product Code and Type.
- Copying the details from an existing contract and changing only the details that are different for the LC you are entering.
- Using your keyboard or the option lists that are available at the various fields to enter the details of the LC afresh.

To facilitate quick input, you only need to input the product code. Based on the product code, many of the fields will be defaulted. Overwrite on these defaults to suit your requirement. You can add details that are specific to the LC like the LC amount, details of the buyer and the seller, etc.

5.2.2 Uploading LCs

Oracle FLEXCUBE allows you to a facility to automatically upload LCs.

The MT 700 and MT 701 messages that you receive can be uploaded into Oracle FLEXCUBE as LC contracts. Depending on whether confirmation is required, the uploaded LCs will be of type 'advice' or 'advice and confirm'.

5.3 Specifying Contract Details

You can specify the following details:

Product

Select the product from the list of products created in the LC. Details of this product get defaulted from the Product screen.

Product Description

Product description given for this product gets defaulted from the Product screen.

Contract Reference Number

The Contract Reference Number identifies a contract uniquely. It is automatically generated by the system for each contract.

The Contract Reference Number is a combination of the branch code, the product code, the date on which the contract is booked (in Julian format) and a running serial number for the booking date. The Reference Number consists of a three-digit branch code, a four-character product code, a five-digit Julian Date and a four-digit serial number.

The Julian Date has the following format:

YYDDD Here, YY stands for the last two digits of the year and DDD for the number of day(s) that has/have elapsed, in the year.

Type

The type of product gets displayed here from the product screen, specifying if the product is of type import/export or revolving or non-revolving.


An arrangement, in which the continuing availability of the LC revolves upon shipment and/or presentation of documents and not upon specific amendment, is known as a Revolving LC.

Following are the product types:

- Import
- Export
- Guarantee
- Standby
- Shipping Guarantee

User Reference Number

In addition, a contract is also identified by a unique User Reference Number. By default, the Contract Reference Number generated by the system will be taken as the User Reference Number. But you have the option to change the User Ref Number. Oracle FLEXCUBE also provides you the facility to generate the user reference number in a specific format.

 You can specify a format for the generation of the User Reference Number in the 'Sequence Generation' screen available in the Application Browser.

Refer to the Core Services User Manual for details on maintaining a sequence format.

External Reference Number

This is a unique message identification number that will be used to identify an incoming message coming from an external system. This is defined as the ICN number. On upload of an incoming message into Oracle FLEXCUBE, this number, given by the external system, will be stored in Oracle FLEXCUBE and passed on to the contract generated as a result of the incoming message. If the incoming message results in an outgoing message, the ICN number will be linked to the outgoing message also.

This number will help you in creating a relationship between the incoming message, the resultant contract in Oracle FLEXCUBE, and the outgoing message, if any.

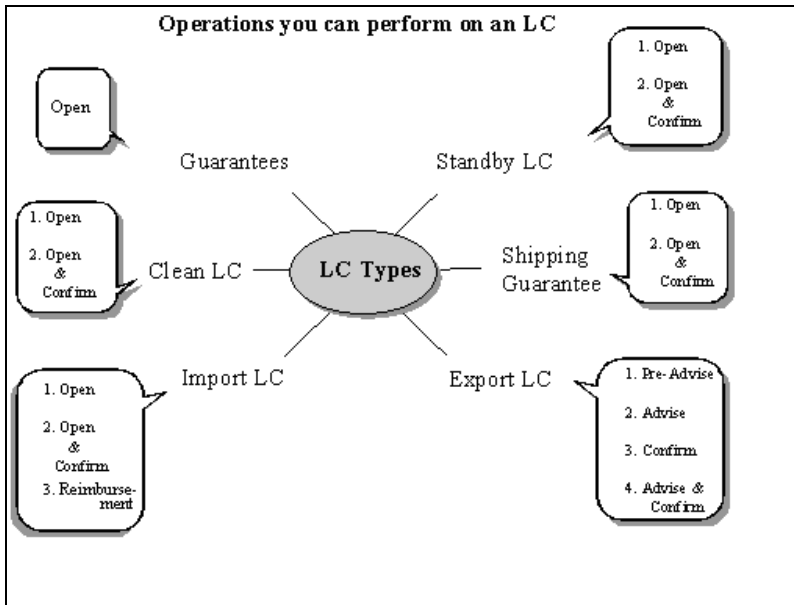
For instance, if an incoming MT103 results in an FT transaction, then ICN number of the incoming MT103 will be linked to the FT contract generated due to the upload of the incoming payment message.

If an Incoming message results in an outgoing contract (outgoing message), Oracle FLEXCUBE will store the External reference number (ICN Number) at the following levels.

- Incoming Message Level
- Contract Level (Resulted due to the Incoming message)
- Outgoing message (As a result of the above contract)

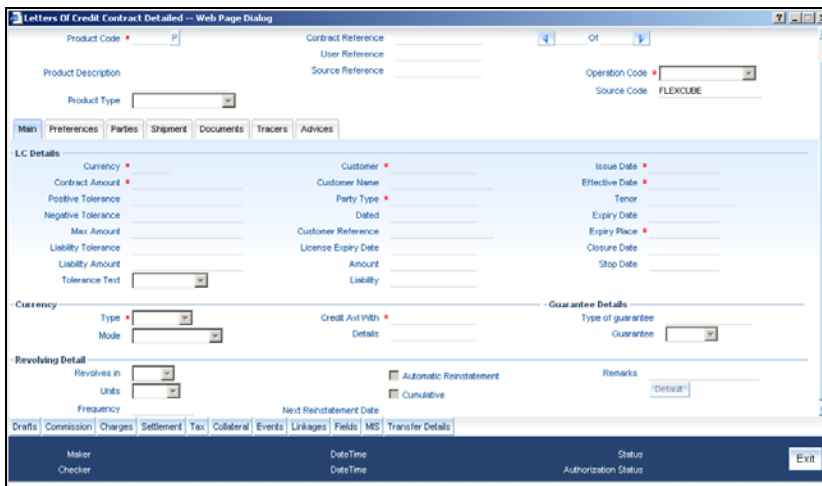
Operation Code

The operations that you can perform on an LC are determined by the type of LC being processed. The operation that you specify will determine the accounting entries that are passed and the messages that will be generated. You can select an operation from the option list available. The type of operation that you can perform on an LC has been diagrammatically represented below:



5.3.1 **Main Tab**

While defining a product, you defined a broad outline that can be applied on LCs. However, while processing an LC involving a product, you need to enter information specific to the LC. This information is captured through the LC Contract Details Main screen.



The following are the features of the contract details main screen.

5.3.1.1 **Terms**

The terms defined for an LC, form the basis on which the LC will be processed.

Currency

The currency in which it is drawn

Language

The language to be used for the LC instrument

Contract Amount

Specify the amount for which the LC is drawn. If the contract is linked to an open insurance policy and the amount is greater than the available amount on the linked policy, the system will display an override/error message.

Similarly, if the amount is greater than the limit specified for every conveyance of the linked policy, the system will display an override.

Outstanding Amount

The balance amount available after the avilment of an LC is displayed here.

Reference Number

The related LC Reference Number if the LC being processed has to be referred along with another already opened (for example, an import LC would be a related LC for a shipping guarantee).

Expiry Place

Specify the city, country, or the bank where the LC expires.

Applicable Rule

System defaults this value from the product level. However, you can modify it. The value displayed here is not picked up in the field 40F. Message type 'MT740' displays 'URR LATEST VERSION' irrespective of any value displayed in the option 'Applicable Rule'.

Issue Date

Enter the date on which the LC is issued.

Effective Date

In the LC Contract Details screen, you can capture the Effective Date of a guarantee. The effective date that you capture for a guarantee will be printed on the instrument.

By default, the system displays the Issue Date, in the Effective Date field. You can change the default value (for a guarantee) to a date in the past or future.

As stated earlier, the Effective Date along with the Tenor of the LC will be used to calculate the Expiry Date of the LC.



Commission for a guarantee, will be calculated according to your specifications for the product that the guarantee involves. In the LC Product Definition screen, you can indicate if commission is to be calculated from:

- The Issue Date
- The Effective Date
- The earlier of the two

Tenor

All LC contracts will be associated with the standard tenor maintained for the product under which the contract is being processed. The tenor of the LC will be used in combination with the Effective Date to arrive at the Expiry Date of the LC, as follows:

$$\text{LC Expiry Date} = \text{Effective Date} + \text{Tenor}$$

However, for a specific LC contract, you can choose to maintain a different tenor. The tenor of an LC can be expressed in one of the following units:

- Days (D)
- Months (M)
- Years (Y)



If you do not specify a unit, the system will automatically append 'D' with the numeric value (tenor) indicating that the tenor is expressed in Days.

Depending on the tenor that you specify, the system will recalculate the Expiry Date. Consequently, the Closure Date that is dependent on the Expiry Date will also be recalculated by the system.

Expiry Date

Specify the date on which the LC contract expires.

Closure Date

The date of closure is based on the 'Closure Days' maintained for the product involved in the LC. The number of days specified as the Closure Days is calculated from the expiry date of the LC, to arrive at the Closure Date.

$$\text{LC Closure Date} = \text{LC Expiry Date} + \text{Closure Days}$$

If the 'Closure Days' are not maintained at the Product level, then the Closure Date is calculated as follows:

$$\text{LC Closure Date} = \text{LC Expiry Date} + 30$$

However, you can change the closure date, thus calculated, to any date after the expiry date.



If the closure date falls on a holiday, the system will prompt you with an override message.

Stop Date

This date will be defaulted to LC Expiry date. Stop date cannot be earlier than Issue date and later than expiry date.

Rule Narrative

This is defaulted from the product level. The value displayed here can be amended at the contract level. However, once the contract is authorized, you cannot make any amendments. Oracle FLEXCUBE validates the rule narrative for any slashes.



Note the following:

- The rule narrative should not start or end with '/'
- It should not have two consecutive slashes

This is enabled only if the Applicable Rule is 'OTHR'

This value will be repeated twice in field 79 of an outgoing MT707 message if the free format text associated with the LC_AMND_INSTR advice exceeds 1750 characters in length.

5.3.1.2 Tolerance

Tolerance denotes the variance that has to be built around the LC amount, to arrive at the actual availability amount for the LC. The tolerance percentage is used to build the Maximum LC amount, when some component of the trade transaction like the freight, insurance, etc., is not covered in the LC amount.

Positive %

The positive tolerance is the percentage that should be added to the LC amount, to arrive at the Maximum LC Amount. This amount will be considered as the LC outstanding LC amount.

Negative %

The negative tolerance is the percentage that should be subtracted from the LC amount, to arrive at the Minimum LC Amount. The negative tolerance is captured for information purposes only. It will form part of the LC and amendment instruments.

The positive and negative tolerance specified for the product associated with the LC is defaulted. If you change the defaulted Positive Tolerance, an override message is displayed.

Maximum Amount

The Maximum LC Amount indicates the maximum amount that can be availed under the LC. This amount is arrived at, by adding the positive tolerance to the LC amount.000

Max. LC Amount = LC Amount + Positive Tolerance

If you have indicated the positive tolerance to be zero then:

Max. LC Amount = LC Amount

A customer cannot, at any point in time, avail more than the Maximum LC amount.

About Clause

This clause further qualifies the LC amount. Select one of the following options from the adjoining drop-down list:

- About
- Approximately
- Circa
- None

Liability Amount

Based on the value you specify in 'Revolves In' field, the LC Liability Amount will be computed and displayed.

Liability %

The liability percentage is used to track the maximum LC amount against a given percentage. A bank would like to limit its exposure to a new or existing customer as LC is a commitment given by the bank. Although the bank sanctions an LC limit (maximum LC amount which includes tolerance) to a customer it may like to specify a percentage over and above this limit. This will result in the customer being shown to be liable or tracked for a higher amount. Specifying a liability percentage is from the perspective of risk management and provides cushion to the bank.

The liability amount is arrived at in the following manner:

Liability Amount = Maximum LC Amount + Liability % of the LC amount

If you have indicated the liability percentage to be zero then,

Liability Amount = Maximum LC Amount

This amount is computed by the system using the method indicated above, only if you have specified a liability tolerance. If a Liability tolerance has not been specified, you can enter a liability amount of your choice. However, the liability amount that you can enter should be at least equal to the maximum LC amount.

Example

You have issued an LC for USD \$100,000 and the positive tolerance specified for the LC is 10%.

This means that the Maximum LC amount is:

Max. LC Amount = LC Amount + Positive Tolerance

= USD 100,000 + 10% of USD 100,000

Maximum LC amount = USD 110,000

If you have specified the liability percentage to be 10%, the liability amount will be computed by the system in the following manner:

Liability Amount = Maximum LC Amount + Liability % of the Maximum LC amount

= USD 110,000 + 10% of the Maximum LC amount

Liability Amount = USD 121,000

In this case you cannot effect any change to the liability amount.

If you have not specified liability tolerance

If you have not specified liability tolerance for the LC, the liability amount will be USD 110,000. In this case, you can specify a Liability amount of your own. However, the amount that you enter cannot be less than the maximum LC amount of USD 110,000.

Under the following circumstances, system will display an error message:

- Latest shipment date of the import LC is greater than the latest shipment date of export LC.
- Expiry date of import LC is greater than expiry date of export LC.
- Import LC amount is greater than export LC amount.
- If you check the option 'Back to Back LC' for an export LC.



The system will display an override message if you try to amend, cancel or close an export LC that is linked to an import LC. The above mentioned validations are also done while uploading an LC contract.

5.3.1.3 Customer

One of the parties in the LC should be a customer of your bank with a valid CIF ID. The details of this party are captured in the Contract Main Screen. It is then defaulted to the Parties screen.

Customer Name

If none of the parties in the LC is a customer of the bank, you should enter the CIF ID defined for the walk-in customer and give the details of one of the parties for it.

The party type of the counterparty of the LC is defaulted based on the type of LC you are processing. If you process an import LC 'APP' (indicating applicant) is defaulted. If you process an export LC 'BEN' (indicating beneficiary) is defaulted. You can change the default.

Customer

If the applicant is a customer of your bank, specify the CIF ID assigned to the customer, the related details of the customer will be automatically picked up.

If you are processing an Export LC, you should typically specify details of the beneficiary.

Party Type

Indicate the party type of the customer who is the counter party of the LC. You can select the valid party type from the adjoining option list.

The details of the other parties involved in the LC are captured in the Parties screen. The Customer Details specified in this screen will be defaulted to the Parties screen.

License Expiry Date

After you capture the CIF ID of the customer involved in the contract, the Import License Expiry Date maintained for the selected customer is defaulted to the screen. The system does not do any validations based on the Expiry Date. It is used only for information purpose.

Dated

Enter the date of the Their Reference. This would normally be the date on which you have a correspondence from the party regarding the LC.

Their Reference

This is the reference of the party whose CIF ID you have input. This will be picked up appropriately in the correspondence sent for the LC.

For an export LC, a reference for the Issuing Bank is mandatory. It is optional for other parties.

5.3.1.4 Revolving

You can capture the following details.

Revolves In

LCs can revolve in Time or in Value. Select the appropriate option from the adjoining drop-down list.

Automatic Reinstatement

The mode of reinstatement for a revolving LC can be either automatic or manual. Check against this field to indicate that the mode of reinstatement is automatic.

This field is applicable only for an LC revolving in time.

Cumulative

Check this box to indicate that the LC is cumulative. Leave it unchecked to indicate otherwise.

Frequency

For LCs that revolve in value, you can specify the maximum number of times the LC can be reinstated. Based on the value you specify, the LC Liability Amount will be computed and displayed.

If the number of reinstatements of the LC exceeds the value you specify, an override message will be displayed when the LC is saved. This override will have to be ratified at the time of contract authorization.

Units

For LCs, which revolve in time, the maximum number of reinstatements is calculated based on the Reinstatement Frequency you specify. In the Units field, you can choose one of the following:

- Months
- Days

Next REIN Date

The system computes and displays the date of next reinstatement based on the value in 'Units' field.

Example 1: Reinstatement Frequency in Days

Let us assume you have set up the following details for an LC:

Issuing date	-	January 01, 2003
Frequency	-	60 Days

Next Reinstatement Date is calculated using the following formula:

$$\text{Issue Date} + \text{Frequency}$$

Using this formula:

= 01 January 2003 + 60 Days

= 02 March 2003

Example 2: Reinstatement Frequency in Months

Let us assume you have set up the following details for an LC:

Issuing date	-	January 01, 2003
Frequency	-	2 Months

Using the formula for Next Reinstatement Date, you get:

= 01 January 2003 + 2 Months

= 01 March 2003

Guarantee

If the LC that you are processing is a guarantee you should specify its type. Click the adjoining drop-down list and select one of the following values:

- Bid

- Performance
- Retention

Current Availability

This field displays the current amount that is available for availment under the LC. This value is automatically updated when there are availments, amendments or reinstatements so that it reflects the current amount that is available under the LC.

Outstanding Liability

This field displays the current outstanding liability amount under the LC. This value is automatically updated when there are availments, amendments or reinstatements so that it reflects the current amount under the LC.

Memo

Enter information about the LC that is intended for the internal reference of your bank. This information will not be printed on any correspondence regarding the LC. However, the remarks are displayed when the details of the LC are displayed or printed.

5.3.1.5 Credit

Here you can capture the following details.

Type

Indicate the type of credit for which the LC is being processed.

Mode

Indicate the mode of payment through which the LC will be settled.

Details

Specify the details of the credit.

With

Specify details of the party with whom the credit will be available.

5.3.1.6 Reinstatement of Available Amount

The reinstatement of the amount available may be effected in one of two ways:

- Where reinstatement is dependent upon time - In these circumstances a specific amount is allowed to be drawn within each specific period as stipulated in the LC during its validity. For example, the credit may indicate that:

- US\$ 25,000 may be drawn each month during the six-month validity of the LC
- The reinstatement of the amount may be either cumulative or non-cumulative.

Cumulative Reinstatement - Where the credit indicates that the reinstatement is on a cumulative basis, in the above example the sixth installment may be the cumulative for 6 months, i.e., US\$ 150,000

Non-Cumulative Reinstatement - In the above example, if the credit indicates that the reinstatement is on a non-cumulative basis, it means that if one month's shipment of US\$25,000 is not made (either completely or partially), it cannot be carried forward to the succeeding month. If, for example, no shipments have been effected for five months, the drawing for the sixth month is restricted to US\$25,000

- Where reinstatement is dependent upon value - Sometimes Revolving Credits may indicate that the amount is to be reinstated upon utilization within the overall validity of the credit. For example: 'This LC shall revolve for US\$ 25,000 during its validity up to a maximum overall drawing value of US\$ 25,000'.

Reinstatement can be done as Auto or Manual. If Auto reinstatement and revolves in time options are selected, then the system calculates maximum liability amount as per the frequency maintained and pass entries for the same.

If Auto reinstatement, revolves in time and Non cumulative options are selected, then the system calculates initially the maximum liability amount during booking of contract and reverse the unutilized value of the particular period at the end of respective period.

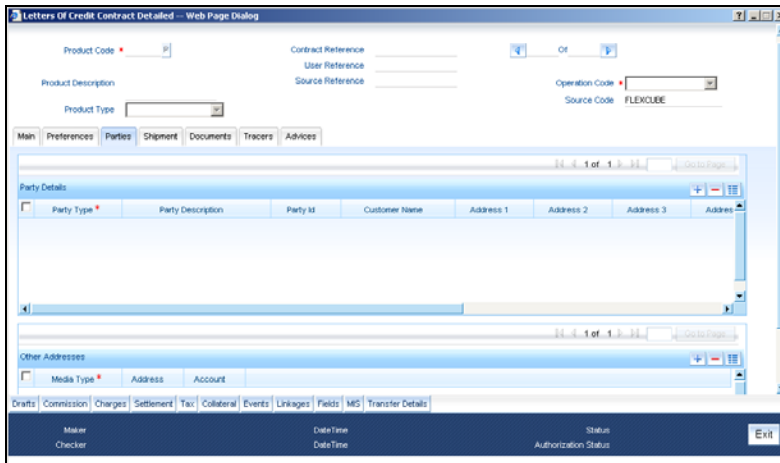
System calculates and displays the frequency of reinstatement as per the values maintained in Revolves and Units options. System calculates and display next reinstatement date as per the frequency maintained when reinstatement is maintained as auto and frequency as time.

If auto Reinstatement and Frequency options are selected, then the system reinstates during EOD after every availment is made. If you select manual Reinstatement and Frequency, then the user can reinstates the value of contract anytime after availment is made.

If reinstatement is dependent on value, then cumulative reinstatement is not supported by the system.

5.3.2 **Parties Tab**

The Parties screen can be used to record the details related to all the parties involved in the LC. The documents, tracers and messages that are generated will be sent to the parties concerned, based on the details you specify in this screen.



You can maintain the following details here:

5.3.2.1 Party Details

You should specify the following for each of the parties involved in the LC:

Party Type

Specify the party type (beneficiary, accountee, applicant, advising bank, issuing bank, reimbursing bank, advice through bank, confirming bank, claiming bank). The adjoining option list displays all party types available for the LC. You can choose the appropriate one. If the operation code of the LC is 'Reimbursement' the system will default the CIF party type as 'ISB' (issuing bank). The party type 'CLB' (claiming bank) will be available only if the LC is linked to a 'Reimbursement' type of product.

Description

You can provide the description for the party type here.

Customer

The CIF ID assigned to the party, if the party is defined as a customer in Oracle FLEXCUBE. If the applicant (APP) or beneficiary (BEN) is not a customer of your bank, you can use a walk-in customer ID.

Customer Name

Enter the name of the Customer. The party name can be 150 characters in length. However, please note that in the SWIFT messages that you generate only 35 characters will be included.

Country

Enter the country of the customer.

Address 1 to 4

Enter the address of the customer who has initiated the transaction.

Their Reference

Specify the sender's reference number. In case of an upload of MT768, the value in field 20 of the message is displayed here. Input to this field will be mandatory for the party type 'ISB'.

Dated

Specify the date of transaction initiation.

Language

Specify the language in which advices should be sent to the customer.

Issuer is bank

Check this option to indicate that the issue is a bank.

5.3.2.2 Other Addresses

Following details are displayed here:

- The media type through which the advices should be routed and the respective address(es)
- The party's mail address
- The account

The advices for a party will be sent to the default media maintained in the Customer Addresses table. If you want to send the advices through another medium, you should indicate it in the Parties screen. The address should be also indicated. The advices will be sent through the new medium, only if you indicate so in the Advices screen of contract processing. If not, the advice will continue to be sent to the default address defined for the party.

You can use this feature to send a one-off advice, through a different medium. For example, for a particular customer, you normally send all advices through mail and hence haven't defined SWIFT or TELEX advices. For an LC involving a customer, you want to send the advices through SWIFT. In such a case, you can specify the medium as SWIFT and specify the address only for the LC you are processing.

The issuer of LC is a bank or an individual. This is enabled only for the party type ISB (issuing Bank). The party type is defaulted from CIF maintenance. However, you can amend the value before authorizing the contract.


If issuer of LC is a bank, tags 52A and 52D will be populated. The message Types supported by these tags are MT710/MT720.

If issuer of LC is not a bank, 52B tag will be populated.

The parties involved in an LC depend upon the type of LC you are processing. The following table indicates the minimum number of parties required for the types of LC that you can process.

LC type	Parties applicable	Mandatory parties	Parties not allowed
Import LC	Applicant/Accountee Advising Bank Beneficiary Confirming Bank Reimbursing Bank	Applicant and Beneficiary OR Accountee and Beneficiary	Issuing Bank
Export LC	Applicant/Accountee Issuing Bank Advising Bank Beneficiary Confirming Bank Reimbursing Bank	Beneficiary and Issuing Bank	Advising Bank
Shipping Guarantee	Applicant/Accountee Advising Bank Beneficiary Confirming Bank Advice Through Bank Reimbursing Bank	Applicant and Beneficiary	Issuing Bank
Guarantee	Applicant and Beneficiary	Applicant and Beneficiary	Advising Bank Advise Through Bank Reimbursement Bank Issuing Bank
Standby	Applicant/Accountee Advising bank Beneficiary Confirming bank	Applicant and Beneficiary	Issuing Bank

LC type	Parties applicable	Mandatory parties	Parties not allowed
	Reimbursing bank		
Clean LC	Applicant/Accountee Advising bank Beneficiary Confirming bank (for confirmed LCs only; could be more than one bank)	Applicant and Beneficiary OR Accountee And Beneficiary	Issuing Bank

 While processing LCs and guarantees, you can use the walk-in customer ID for the applicant (APP) and Beneficiary (BEN) party types. However, note that you can use a particular CIF ID only once in an LC.

5.3.2.3 Credit Line

Here you can capture the following details.

Limits Tracking Required

Specify whether the credit granted under the LC you are processing should be tracked against the credit limit assigned to the customer under a Credit Line.

Check this box to indicate that limit tracking is required for the LC. Leave it unchecked to indicate otherwise. In the subsequent fields of this screen, you can specify details of the line under which the credit is to be tracked.

Party Type

Specify the type of party involved in the LC you are processing, whose details you would subsequently enter. The parties involved in the LC can be specified in any sequence. However, a party code can be used only once in each LC.

Line

Specify the credit line under which you want to track the LC amount.

Customer

The system displays the customer for whom the LC is booked.

Limit Tracking Tenor

Specify the basis on which limits need to be tracked. Choose one of the following options:

- Letter Of Credit Tenor
- Max Draft Tenor

5.3.3 **Advices Tab**

An important part of processing an LC is the generation of various advices applicable for a contract.

The advices that can be generated for the events that occur during the lifecycle of an LC are defined for the product, to which the LC is linked. For example, you may have specified the following advices for a product:

- Issue of an import LC: pre-advice by SWIFT and LC instrument by mail to the advising bank, the authorization to reimburse to the reimbursing bank.
- Advice of an export LC: the acknowledgement advice to the advising bank.
- Issue of a guarantee: the guarantee instrument to the beneficiary.

The details of the advices for an event are displayed in the Advices screen. The party type to whom a specific advice should be sent is picked up automatically based on the type of LC being processed and the parties involved.

From the LC Contract Details screen click 'Advices' tab. The advices screen is displayed. The advices defined for the event you are processing will be displayed. You can choose to suppress any of them. The address of the party to whom the advice is addressed to will be picked up by default, based on the media and address maintenance for the party. These can be changed if required.

For a payment message by SWIFT, you also have the option to change the priority of the message.

You can capture the following details.

Suppress

By default, all the advices that have been defined for a product will be generated for the LCs involving it. If any of the advices are not applicable to the LC you are processing, you can suppress its generation by Checking against the suppress field.

Priority

For a payment message by SWIFT, you also have the option to change the priority of the message. By default, the priority of all advices is marked as Normal. The priority of a payment message can be changed to one of the following:

- Normal
- Medium
- High

Medium

The medium by which an advice will be transmitted and the corresponding address will be picked up based on the media and address maintenance for a customer.

You can, however, change either of these while processing the LC. Typically, if changed, both of them will be changed.

After selecting the advices to be generated for the LC, click on 'OK' to save it. Click 'Exit' or 'Cancel' button to reject the inputs you have made. In either case, you will be taken to the Contract Main screen.

5.3.3.1 **FFT Details**

Free Format Text instructions (FFTs) are a set of instructions or statements that are applicable to the LC that you process. It can be used to enter additional details related to the LC you are processing. In the LC Contract - Advices screen you can specify the FFTs that should accompany an advice, generated for an LC. When you select an advice code on this screen, the advice code together and the party type, to which it is to be sent, is displayed in the FFT section. This indicates that the FFTs that you specify will appear on the advice, which is displayed and will be sent to the party type that is displayed.

All the FFTs defined for the advice, at the product level will also be displayed. You have the option to add to or delete from the list of FFTs defaulted for an advice.

Free Format Text Code

To add an FFT to the list, click add icon. Select an FFT code from the adjoining option list that is displayed.

Text

After selecting the code that identifies the FFT you wish to attach to the advice, its description is automatically picked up and displayed. The FFT description can be changed to suit the requirements of the LC you are processing.

Single

Check this option to indicate that the FFT is a single message.

Guarantee Reference Number

Choose the guarantee whose details you would like to upload (from the Incoming Message Browser) in the FFT Description fields.

A FFT Description field can contain 2000 characters. If the details of the guarantee you specify exceeds 2000 characters, the system will automatically stagger the remaining text into subsequent FFT Description fields.

To delete an FFT from the list, highlight the code that identifies the FFT and click delete icon. The free format codes for the following purposes have the fixed codes:

SND2RECINFO	Sender to receiver information (Field 72 of SWIFT).
INSTRUCTION	Instructions to the Paying/Accepting/Negotiating bank (Field 78 of SWIFT).

5.3.4 Documents Tab

Click on the tab titled 'Documents' to specify details of the documents and clauses that are part of the LC instrument and the documents that should accompany the goods.

The screenshot displays the 'Letters of Credit Contract Detailed -- Web Page Dialog' interface. At the top, there are several input fields: 'Product Code' (with a red asterisk and a dropdown arrow), 'Contract Reference', 'User Reference', 'Source Reference', 'Operation Code' (with a red asterisk and a dropdown arrow), and 'Source Code' (with the value 'FLEXCLUBE'). Below these fields are tabs for 'Main', 'Preferences', 'Parties', 'Shipment', 'Documents', 'Tracers', and 'Advices'. The 'Documents' tab is currently selected. Underneath the tabs, there are two data tables. The first table is titled 'Document Details' and has columns for 'Code', 'Type', 'Description', 'Reference', 'Copy', 'Originals', and 'Original Required'. The second table is titled 'Clause Details' and has columns for 'Code' and 'Description'. At the bottom of the window, there are fields for 'Maker/Checker', 'Date/Time', and 'Status/Authorization Status', along with an 'Exit' button.

Here you can capture the following details.

5.3.4.1 Documents

There are some standard documents required under a documentary LC. In this screen you can specify the documents that are required under the LC being processed. These details will be a part of the LC instrument sent to the advising bank, the advice through bank or the beneficiary. All the documents specified for the product to which the LC is linked will be defaulted to this screen.

Code

Enter the document Code

Type

Enter the document type

Description

Enter the document description of the document that is defaulted to suit the LC you are processing. This field will be enabled only if the LC type is 'Shipping Guarantee', but not mandatory.

During copy operation, the value of this field will not be copied to the new contract.

Document Reference

Enter the document reference number based on which the Shipping Guarantee issued.

Number of Copies

Enter the number of copies of the document.

Number of Originals

Enter the number of Original documents here.

Original Receipt

Enter the receipt details here.

You can add to or delete from the list of documents that are defaulted. To add a document for the LC, click add icon and then on option list positioned next to the 'Code' field. Select the code of the appropriate document from the list of document codes maintained in the Documents Maintenance screen. The other details of the document will be defaulted to this screen.

To delete a document that is not required for the LC, highlight the document code and click on the delete icon.

5.3.4.2 Clauses Details

In addition to the other details, the clauses specified for a document while defining the product, are also defaulted to this screen.

Code and Description

When you highlight a document code, all the clauses defined for the document are displayed in the Clauses window. You can add to or delete from, the list of clauses that are defaulted.

To add a clause to a document for the LC, click add icon. Then, click adjoining option list. Select the code of the applicable clause from the list of clause codes maintained, in the Clause Maintenance screen. The description of the clause will be defaulted, based on the clause code that you select.

To delete a clause that is not required for the LC, highlight the Clause code and click delete icon.

5.3.5 Shipment Tab

An LC instrument, which is an instrument of trade finance, involves details of merchandise. Hence, you will need to specify the following details for the LC:

- Details of the merchandise
- Details of the mode of transportation

You can also specify Preferences for the shipment of goods. Note that you will not be able to save shipment and goods related details for an LC under the operation code 'Reimbursement'. Click on the tab titled 'Shipment' to specify shipment details of LC.

5.3.5.1 Shipment Details

There are certain standard clauses and conditions, associated with the shipment of the merchandise traded under an LC. You can specify the following shipping details for an LC that you process.

Partial Shipment Allowed

Check this option if partial shipment of the goods is allowed under the LC.

Trans Shipment Allowed

Check this option if Trans-shipment is allowed under the LC.

From

The location from which the goods transacted under the LC should be shipped. In international trading parlance, this is called the Loading on board/Dispatch/Taking in charge at/from.

To

The destination to which the goods transacted under the LC should be sent. In international trading parlance, this is called the 'For transportation' to.

'Shipment From' and 'Shipment To' are linked to the tags 44A and 44 B respectively. These tags are applicable to the following message types:

- MT700
- MT705
- MT707
- MT710
- MT720



Specifying the 'Shipment From' and 'Shipment To' is optional.

Latest Ship Date

Specify the date on which the last shipment consignment has been sent. If this date is greater than the linked policy expiry date, the system will display an override/error message.

Additional Shipment Details

Specify additional shipment details.

Shipping Marks

Specify shipping marks.

5.3.5.2 Goods

The details of the merchandise that will be traded under the LC should be clearly specified.

Goods Code

You have maintained various codes that have been allotted, for commodities normally traded in your country. The commodities are available for selection in the form of an option-list. In addition, the list will also display whether a particular commodity is banned or not by indicating 'YES' (for a banned product) and 'NO' (for a product that is allowed for trade) against the product. You can select the applicable code for the LC you are processing, from the list.

Description

The description of this code (which could be 6500 characters long), can be changed to suit the LC you are processing. You can also enter specifications such as the quality and quantity of the merchandise.

Description for Preadvice

If pre-advice is one of the advices for the LC, you should enter the details of the LC briefly, as a pre-advice description. This will be a part of the pre-advice that is generated.

Typically, a pre-advice is sent by SWIFT or cable and contains brief details of the LC. This is followed by the LC instrument, that contains all the details of the LC.

INCO Term

Specify the INCO term related to goods that are a part of the LC instrument. You can select one of the following values from the adjoining option list:

- EXW - EX Works (...named place)
- FCA - Free Carrier (...named place)
- FAS - Free Alongside Ship (...named port of shipment)
- FOB - Free On-Board (...named port of shipment)
- CFR - Cost and Freight (...named port of destination)
- CIF - Cost Insurance Freight (...named port of destination)

- CPT - Carriage Paid to (...named place of destination)
- CIP - Cost Insurance Paid (...named place of destination)
- DAF - Delivered at Frontier (...named place)
- DES - Deliver Ex Ship (...named port of destination)
- DEQ - Delivered Ex Quay (...named port of destination)
- DDU - Delivered Duty Unpaid (...named place of destination)
- DDP - Delivered Duty Paid (...named place)

Once you choose the INCO Term, the documents and clause details will be displayed based on the maintenance for the chosen INCO term in the 'INCO Terms Maintenance' screen. However, if you change the INCO term, the document and clause details will be not be updated automatically. You will have to manually change them if required. However, the system will check whether the document and clauses details are the same as those defined in the 'INCO Term Maintenance' screen.

The INCO term is picked up and displayed in field 45A of MT700.

5.3.5.3 Port

Specify the following details.

Port of Loading

You can specify the name of the airport from where the goods transacted under the LC are loaded for shipping. This is called the Port of Loading.

Port of Discharge

You can also specify the name of the destination port to which the goods transacted under LC should be sent. This is called the Port of Discharge.

'Port of Loading and 'Port of Discharge' are linked to the 44E and 44F tags respectively. These tags are applicable to the following message types:

- MT700
- MT705
- MT707
- MT710
- MT720



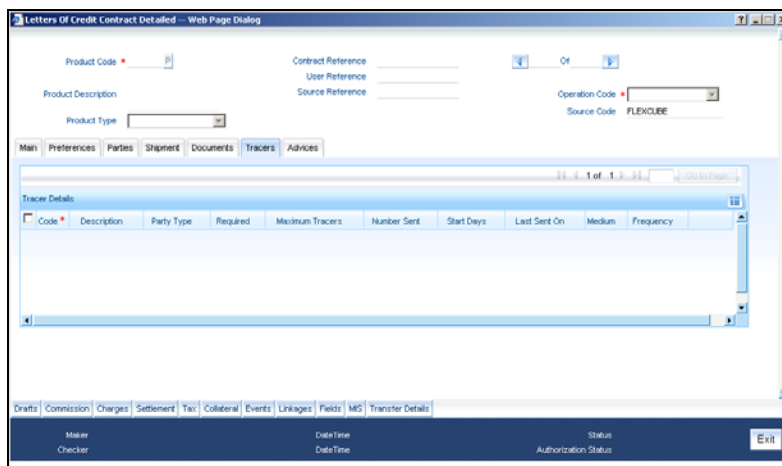
It is not mandatory to specify the Port of Loading or Port of Discharge.

5.3.6 Tracers Tab

Tracers are reminders that can be sent to various parties involved in an LC. The list of tracers that you can send for an LC is predefined (hard coded in the system) and can be classified into the following types:

- The acknowledgement tracer (sent to the advising bank when an import LC is issued and an acknowledgement is sought)
- The charge-commission tracer (sent to the party who has to bear the commission or charges for an LC, pending the payment of the charge or commission)
- The confirmation tracer (sent to the confirming bank, seeking a letter of confirmation).

You can specify the tracers to be sent for an LC, in the LC Contract Tracers screen. To invoke this screen, click on the tab titled Tracers in the LC Contract Details screen. The LC Product Tracers screen is displayed.



The tracers, specified for the product to which you have linked the LC, will be defaulted to this screen. The following details will be displayed:

- Tracer Code
- Description of the tracer
- Party ID and type to which the tracer is to be sent
- Number of tracers sent thus far, to the party
- Date on which the tracer was last sent to the party

For the tracer code that is highlighted, the details are defaulted from the product and can be changed to suit the LC you are processing.

Required

You can stop the generation of a tracer at any point during the life cycle of an LC contract.

For instance, you had specified that an acknowledgement tracer is to be generated for a contract. When you receive the acknowledgement from the concerned party, you can disable its generation. At a later stage when you wish to generate the tracer again, you only need to enable it for the LC by using this facility.

If this box is checked, it means that the tracer should be applied for all new LCs involving the product. If not, it means that it should not be applied for new LCs involving the product. Amen

If for some reason you want to stop generating the tracer for a product, uncheck this box through the product modification operation. The tracer will not be generated for new LCs involving the product.

Maximum Tracers

You can specify the maximum number of tracers that should be sent for the LC. The value is defaulted from the product under which you are processing the LC.

Start Days

The tracers that you specify for an LC can be generated only after it has been authorized. Specify the default number of days that should elapse after an LC has been authorized, on which the first tracer should be sent.

By default, the first tracer for an authorized LC contract will be sent, after the number of days prescribed for the product under which it is processed.

Frequency

You can specify the frequency (in days) with which the tracer should be re-sent, for the LC you are processing.

Medium

If you have specified that tracers should be generated for an LC, you should also specify the medium through which it is to be generated. A tracer for an LC can be sent through Mail, Telex or other compatible media.

5.3.7 Preferences Tab

You can specify certain details for SWIFT messages specific to LC and set your preferences using 'Preferences' tab. Click the tab button 'Preferences' on the screen.

The details that you specify in the fields of this screen are picked up for SWIFT messages.

The SWIFT message that utilizes the information that you specify in this screen and the corresponding field of the SWIFT message which carries the input, has been listed below:

Field in Oracle FLEXCUBE	SWIFT Message	Field of the SWIFT message
Charges From Beneficiary	MT700	Field 71B
Additional Amounts Covered	MT 700 & MT 740	Field 39C
Period For Presentation	MT 700	Field 48
Charges From Issuing Bank	MT 730	Field 71B
Account For Issuing Bank	MT 730	Field 57A
Date	MT 730	Field 32D
Issuing Bank Amendment Date	MT707	Field 30
Acknowledgement Received and Date	MT768	Field 30

5.3.7.1 Other Information

Capture the following details.

Reimbursement Type

Specify the type of reimbursement. Choose the appropriate one from the dropdown list.

Charges From Beneficiary

Specify the charge amount borne by the beneficiary.

Additional Amounts Covered

Specify the additional amount covered.

Charges from

Indicate who bears the charges - claimant or your customer.

The Period for Presentation

The period of presentation defined for the product - or calculated for the LC, as the case may be - will be displayed in the 'Period For Presentation' field. You can change the default to suit the LC you are processing.

The system uses the Expiry Date and the Last Shipment Date specified for the LC you are processing, and arrives at the period of presentation.

If the sum of the latest shipment date and period for presentation is greater than the expiry date of an import LC, the system will display an override message. This is true only in cases where the 'Latest Shipment Date' field is not blank.

For details, refer the heading 'Specifying the Period of Presentation' in chapter 'Creating Products', in the LC User Manual.

5.3.7.2 Charges from Issuing Bank

Specify the following details.

Currency

Specify the currency of the charge.

Amount

Specify the charge amount.

Charge From Issuing Bank

Give a brief description of the charge.

Issuing Bank Acc

Specify the account from which charge should be collected.

Issuing Bank Date

Specify the date of charge collection.

5.3.7.3 Amendments

Specify the following details.

Amendment Number

The system displays the amendment number.

Increment Amendment Number

Check this box to indicate that the amendment number should be incremented with every amendment.

Issuing Bank Amendment Date

The date of amendment is displayed here.

5.3.7.4 Acknowledgement

Specify the following details.

Acknowledgement Received

Check this box to indicate that acknowledgement has been received.

Acknowledgement Date

Specify the date on which the acknowledgement is received.

5.3.7.5 Other Details

Specify the following details:

INCO Term

Specify the INCO term related to goods that are a part of the LC instrument. You can select one of the following values from the adjoining option list:

- EXW - EX Works (...named place)
- FCA - Free Carrier (...named place)
- FAS - Free Alongside Ship (...named port of shipment)
- FOB - Free On-Board (...named port of shipment)
- CFR - Cost and Freight (...named port of destination)
- CIF - Cost Insurance Freight (...named port of destination)
- CPT - Carriage Paid to (...named place of destination)
- CIP - Cost Insurance Paid (...named place of destination)

- DAF - Delivered at Frontier (...named place)
- DES - Deliver Ex Ship (...named port of destination)
- DEQ - Delivered Ex Quay (...named port of destination)
- DDU - Delivered Duty Unpaid (...named place of destination)
- DDP - Delivered Duty Paid (...named place)

Once you choose the INCO Term, the documents and clause details will be displayed based on the maintenance for the chosen INCO term in the 'INCO Terms Maintenance' screen. However, if you change the INCO term, the document and clause details will not be updated automatically. You will have to manually change them if required. However, the system will check whether the document and clauses details are the same as those defined in the 'INCO Term Maintenance' screen.

The INCO term is picked up and displayed in field 45A of MT700.

Back to Back LC

Check this option if you want to link an export LC to an import LC. This field is applicable only for import LCs.

If you check this option, you will have to specify the export LC which you want to link to the import LC in the 'Reference Number' field. All active and authorized export LCs of the same counterparty will be available for selection in the option list adjoining 'Reference Number'. An export LC can be linked to only one import LC.

Related Reference Number

Specify the related reference number. Choose the appropriate one from the option list.

While issuing a guarantee, the option list displays all valid bill of lading reference numbers and import LCs. Similarly, while issuing a back to back LC, the option list displays all valid export LCs maintained in the system. You can choose the appropriate one.

Application Rule

The system defaults the application rule from the product level. However, you can modify this.

Please refer to the section 'Specifying the Applicable Rules' under chapter 'Defining Product Attributes' in this user manual.

Rule Narrative

This is enabled only if 'Applicable Rule' is set to 'OTHR'. The system defaults the rule narrative from the product level. However, you can modify this.

Please refer to the section 'Specifying the Applicable Rules' under chapter 'Defining Product Attributes' in this user manual.

5.3.7.6 Preferences

You can set the following preferences:

Allow Prepayment

Check this option to indicate that the customer can make a prepayment on the contract.

Auto Closure

Check this option to indicate that the LC should be automatically closed.

Transferable

Check this option to indicate that the LC is transferable.

May Confirm

Check this option to indicate that the LC can have an associated confirmation message. You can also specify the type of the confirmation instruction that should be sent to the advising/confirming bank if you are issuing the LC (whether Field 49 of MT 700 should be 'Without', 'Confirm', or 'May add').

5.3.8 Viewing Different Versions of Contract

When you enter a contract, it is allotted the version number, 1. Every amendment and reinstatement results in the next version of the contract being created.

While viewing the Detailed View screen for a contract, the latest version will be displayed. To navigate between the different versions, use the arrow buttons to view the previous and next version.

The LC contract will become effective in the system only after you 'Save' the details and your supervisor authorizes it.



The system will display an override message if you save the contract with the drawee and applicant being the same. You may use your discretion to proceed or cancel the contract. You can also have this override configured as an error message in which case, the system will not allow you to proceed until you make the necessary changes.

5.4 Canceling LC

You may have to cancel an LC that has been opened, before its Expiry Date. An example for a cancellation is when the trade deal for which the LC is opened falls through. A cancelled LC will not be available for any availment. However, you can cancel an LC that has been availed partially.

In Oracle FLEXCUBE, the following are the prerequisites for cancellation:

- The LC has not yet reached its expiry date
- The cancellation event - CANC, has been defined

The accounting entries for this event are generally the reversal of the accounting entries passed for liability and collateral, when the LC was opened. In addition, a charge can be levied for canceling the LC. A cancellation advice informing, the advising bank or beneficiary, about the cancellation may be generated.

5.4.1 Procedure for Canceling LC

From the Contract Detailed View:

- Select Close from the Actions Menu
- Click cancel icon in the Toolbar

You will be prompted to confirm the cancellation.

5.5 Closing LC

Normally, an LC that is opened will be negotiated within its expiry date. If the negotiation does not happen even after the expiry date, you can close the LC.

By closing an LC, you will be reversing the liability entries passed for the LC. This ensures that the credit limit that was taken by the LC is released and is available for future utilization.

5.5.1 Procedure for Closing LC

In Oracle FLEXCUBE, you can close an LC under the following circumstances:

- The event 'CLOS' is defined for the LC
- The LC is beyond its Expiry Date

The accounting entries defined for this event is generally the reversal of the outstanding liability. No availment can be made against an LC that is closed. You should reopen a closed LC if you have to make an availment against it. This would be required in a situation when the LC comes in for negotiation after it has been closed. The reopening of the LC will put back the outstanding liability and availability for the LC.

5.5.1.1 Closing LC Automatically

In the LC Contract Main screen, you can specify the following dates related to the closure of an LC:

- Whether auto closure is allowed
- The date on which the LC should be automatically closed

To recall, the date of automatic closure is based on the 'Closure Days' maintained for the product involved in the LC. However, you can change the closure date, to any date, after the expiry date of the LC.

An LC that is defined for automatic closure will be closed during the End of Day processes on the closure date.

5.5.1.2 Closing LC Manually

An LC that is not defined for automatic closure can be closed any time after its Expiry Date.

Choose 'Close' from the Actions Menu, when the details of the LC are displayed in the Detailed View screen.

Oracle FLEXCUBE displays a message prompting you to confirm the closure. The closure of an LC should be authorised by a user, bearing a different User ID, before the End of Day operations begin.

5.6 Reopening LC

To avail against a closed LC, you have to reopen it. This occurs when the LC comes in for negotiation after it has been closed. The reopening of the LC will put back the outstanding liability and availability for the LC.

To reopen a closed LC, you should have defined the event 'ROPN' for the product under which the LC is processed. For this event, you should have ideally defined the same entries for the LC outstanding amount and the liability, as you would for the opening (issue or advice) of an LC. You can levy a charge for reopening an LC.

5.6.1 Procedure for Reopening LC

Choose 'Reopen' from the Actions Menu when the details of the LC are being displayed in the Detailed View screen.

Oracle FLEXCUBE will prompt you to confirm the reopening of the LC.

6. Capturing Additional Details

6.1 Introduction

The buttons on the contract screen enable you to invoke a number of functions vital to the processing of an LC Contract.

These buttons have been briefly described below.

Buttons	Description
Drafts	Click this button to capture the details of draft drawn for the LC. You can specify the name of the insurance company that is covering the goods traded under the LC.
Settlement	Click this button to invoke the Settlement screens. Based on the details that you enter in the settlement screens the LC will be settled. The details of these screens have been discussed in the Settlements manual.
Events	Click this button to view the details of the events and accounting entries that a contract involves.
MIS	Click this button to define MIS details for the LC.
Commission	On invoking this button Commission details of the contract is displayed
Charges	This button invokes the Charges, Commissions and Fees (ICCF) service. On invoking this function you will be presented with a screen where the

Buttons	Description
	<p>ICCF rate, amount, currency and the waive charge parameter can be specified.</p> <p>The Processing Charges and Fees manual, details the procedure for maintaining charge rules. It also deals with the linking of a charge rules to a product and the application of the rule on an LC.</p> <p>The Processing Commissions manual, details the procedure for maintaining commission rules. It also deals with the linking of a commission rule to a product and the application of the rule on an LC.</p>
Tax	<p>This button invokes the Tax services. The Processing Tax manual details the procedure for maintaining tax rules and schemes. It also deals with the linking of a tax scheme to a product and the application of the scheme on an LC.</p>
Collateral	<p>In the screen that corresponds to this button, you can specify details of the cash that you collect as collateral form a customer for the LC that you process. The details of this screen are discussed under the head Specifying Collateral details for an LC.</p>
Linkages	<p>Clicking this button invokes the Contract Linkages screen. In this screen, you can link an LC to a deposit or account, and indicate the funds that you would like to block.</p>
Change Log	<p>Click this button to view the changes made to a particular version of an LC contract.</p>
Transfer Details	<p>If the LC is transferred to a new party, you can view the transaction details.</p>
Fields	<p>Click this button to specify values for the user defined fields (UDFs).</p>

Enter valid inputs into all the mandatory fields in screens that can be invoked from the buttons or you will not be able to save the contract. After making the mandatory entries for the LC, save the contract by either clicking save icon in the toolbar or selecting 'Save' from the Actions menu.

A contract that you have entered should be authorized by a user bearing a different Login ID, before the EOD is run.



You have the option to amend all the unauthorized entries made for an LC. However, after authorization, certain fields cannot be amended.

Click 'Exit' or 'Cancel' button to go back to the Application Browser.

6.2 Capturing Draft Details

You can capture the details of the draft that is drawn for the LC, in the Drafts screen. In addition, you can also specify the name of the insurance company that is covering the goods traded under the LC. Click 'Drafts' button in the LC Contract to invoke the screen:

The screenshot shows a web-based dialog box titled "Drafts -- Web Page Dialog". It contains several sections for data entry:

- Draft Details:** Includes a "Draft Tenor" text field, a radio button group for "Amount / Percentage" (with "Percentage" and "Amount" options), and a "Credit Days From" text field.
- Drawee details:** Includes a "Drawee" dropdown menu, and three "Address" text fields (Address1, Address2, Address3).
- Insurance Details:** Includes a "Company Name" text field, a "Company Code" dropdown, "Address 1" through "Address 4" text fields, an "Insurance Policy Number" text field, a "Telephone Number" text field, a "Fax Number" text field, an "Expiry Date" date picker, a "Policy Utilized Amount" text field, an "Open Policy" checkbox, a "Cover Date" date picker, an "Insurance Amount" text field, a "Telex Address" text field, and a "Warehouse Address" text field.
- Breakup:** A table with the following structure:

Amount Name	Amount

At the bottom of the dialog are "Ok" and "Cancel" buttons.

You can capture the following details:

Draft Tenor

Specify the tenor of the draft.

Amount/Percentage

Specify whether the draft is a percentage of the LC amount or a Flat amount.

Subsequently, specify the Amount or the Percentage (based on your selection).

Credit Days From

The Date from which the tenor of the draft begins.

6.2.1.1 Specifying Drawee Details

Specify the following details.

Drawee

Specify the party on whom the draft is drawn. You can select the drawee's CIF from the adjoining list. This will contain a list of all the open and authorized CIF maintained in the Customer Directory. This information is captured from the BIC directory.

Address 1 to 4

Specify the address of the drawee.

6.2.1.2 Specifying Insurance Company Details

Specify the following details.

Company Name

Specify the Insurance Company to be associated with the LC.

Company Code

You can select the appropriate company code from the option list. The list will display all authorized and active company codes. If you have specified an open insurance policy in the 'Insurance Policy Number' field, the option list will display the company code associated with the chosen insurance policy number. Upon selection of the company code, the following details will be automatically displayed by the system:

- Company Name
- Address of the company
- Telephone Number
- Fax Number
- Policy Utilized Amount
- Cover Date
- Insurance Amount
- Telex Address
- Warehouse Address

Open Policy

Check this option to link an open insurance policy to the LC.

Insurance Policy Number

Specify the insurance policy number here. The adjoining option list displays all insurance policy codes maintained in the system. If you check the option 'Open Policy' the option list will display the open insurance policies maintained in the system. You can select the appropriate one.

If you have checked the 'Open Policy' option and the policy number is specified here is invalid (i.e. not maintained in the 'Open Policy Maintenance' screen) or blank, the system will display an error message.

Expiry Date


Enter the expiry date of the Policy.

6.2.1.3 Specifying Breakup Details

The breakup details of the draft will be displayed here as follows:

- Amount Name
- Amount

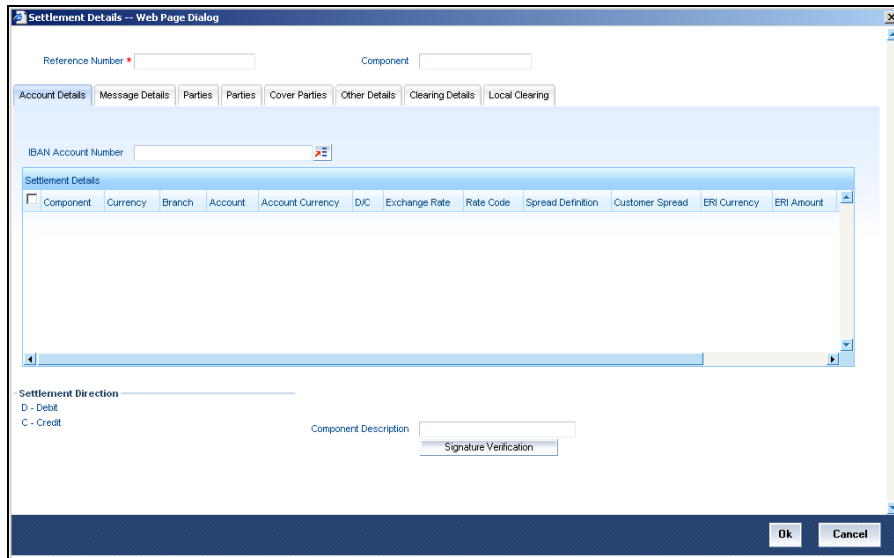
The draft amounts for the different components (Insurance, Interest, Invoice, Freight)

 You can also choose to associate an Insurance Company that is not maintained in the system. When you are specifying a company code that does not exist, the system will display an override (based on your requirement, you can configure the override to be a warning or an error message). On confirmation of the override, the company code will be automatically changed to 'XXXXXXXXXX'. Subsequently, you can specify any company name to be associated with the contract. The system will not perform any validations. The remaining fields in the screen will be disabled in this case.

6.3 Specifying Settlement Instructions

Through the settlement screens, you should specify the customer accounts to which entries for the commissions, charges, taxes and collateral should be posted.

Click 'Settlement' button in the Contract Main screen, for a display of the Settlements screen.



Besides the account details, you can specify:

- The currency in which the component is expressed
- The payment account and its currency



If you have specified an account that uses an account class that is restricted for the product, an override is sought.

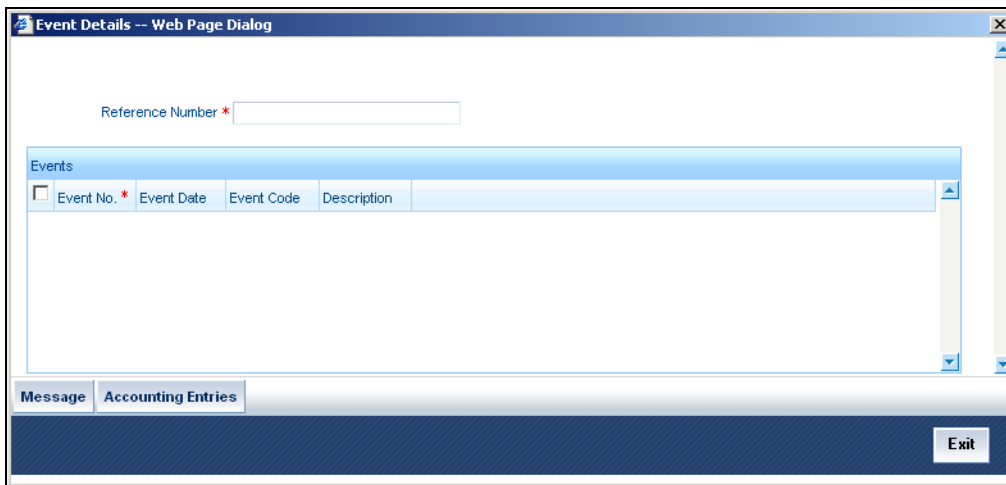
- The branch of your bank to which the account belongs
- The exchange rate (in the case of the component currency being different from the account currency)
- The ERI Currency
- The ERI Amount

Refer to the chapter titled 'Making an Availment' in this user manual for details.

6.4 Viewing Event Details

The event details screen of contract processing will show the details of the accounting entries generated for an LC. Click 'Events' in the LC Contract Detailed View screen to go to the LC Contract View Events screen.

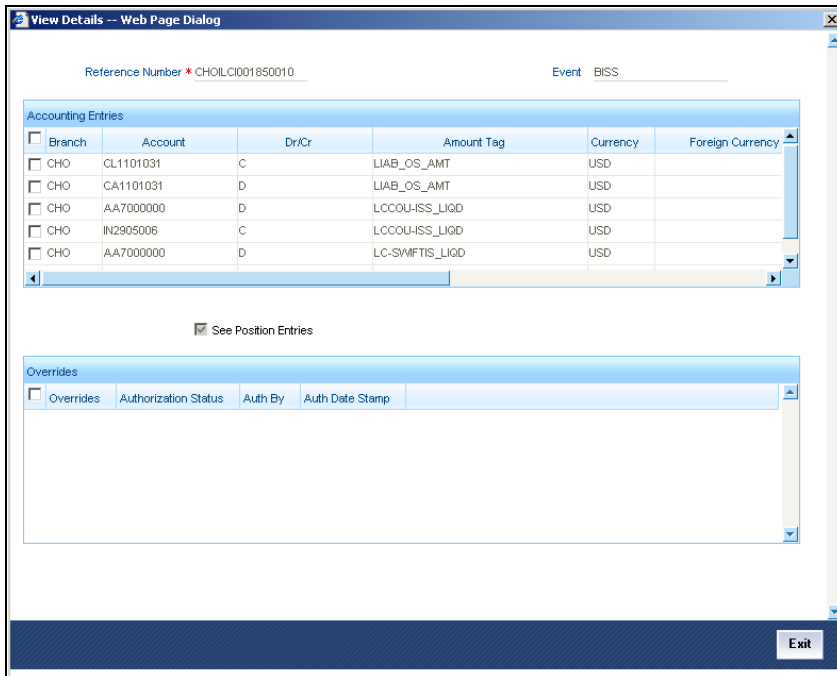
The details of events that have already taken place on the contract will be displayed, along with the date on which the event took place.



Click 'Accounting Entries' to view the accounting entries for the event that is highlighted. Click 'Message' to view the messages applicable to the event. Click on 'Exit' or 'Cancel' to go back to the LC Contract Detailed View screen.

6.4.1 Viewing the Accounting Entries Passed for the LC

From 'LC Contract - View Events' screen, click 'Accounting Entries' to view the Accounting Entries for the event. The accounting entries that are passed depend on the type of LC that you are processing.



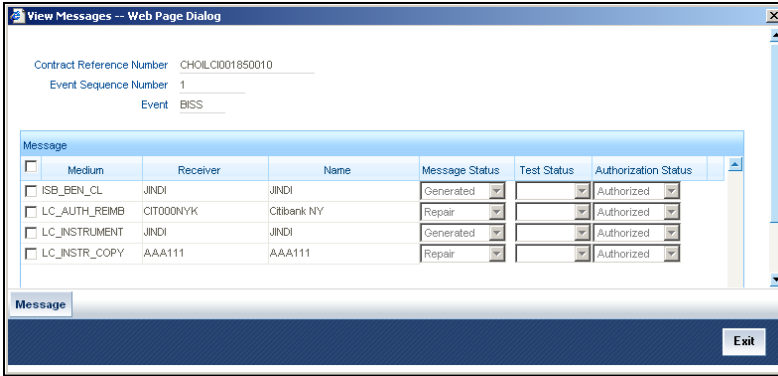
The following information is provided for each event:

- Branch
- Account
- Transaction Code
- Booking Date
- Value Date
- Dr/Cr indicator
- Currency
- CCY (Currency)
- Amount in contract CCY
- Amount in local currency
- All the overrides that were given for an event will also be displayed

Click 'Exit' or 'Cancel' to go back to the screen from where you invoked the Accounting Entries screen.

6.4.2 **Viewing Advices Applicable to Contract**

Click 'Message' from the View Events screen to view the list of advices applicable to a particular event in the lifecycle of the LC.



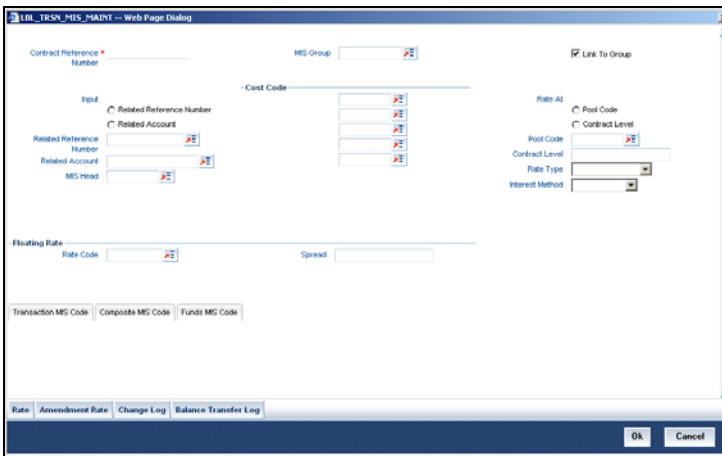
The following details of a message are displayed:

- The message type
- The Name and ID of the recipient of the message and
- The status of the message

To view the text of a message, highlight the message and click on the 'Message' button. Click 'Exit' or 'Cancel' to exit the screen.

6.5 Capturing MIS Details

Click 'MIS' button to invoke the following screen.



Refer the MIS User Manual for further details on capturing MIS details.

6.6 Defining Commission Details

Besides the LC amount, the other components of an LC include the commissions that you collect and the charges that you levy on the parties involved in an LC.

While defining Accounting Roles for a product you must specify the internal accounts that should be picked up when commissions are collected and when charges are levied.

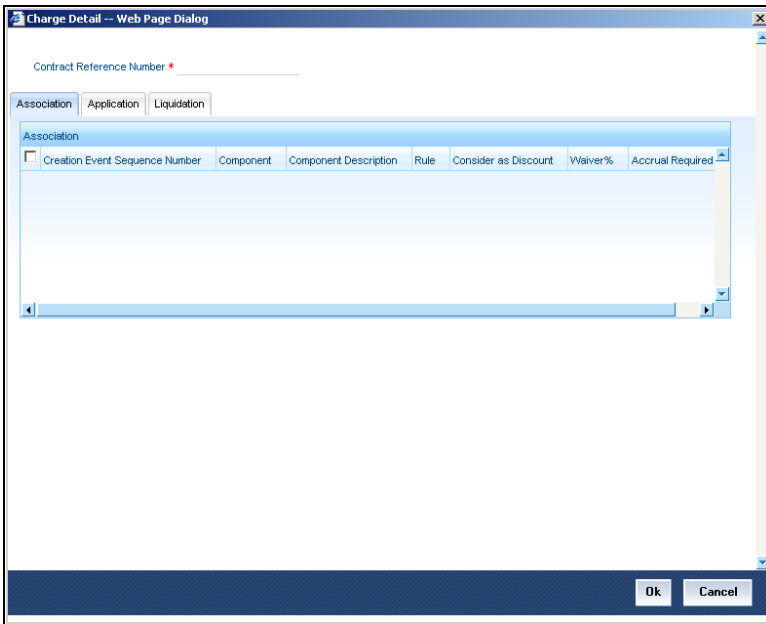
For an LC having the operation code 'Reimbursement', you will not be able to save commission related details. While saving the contract, the system will display an error message if you enter details in the 'ICCF screen'.

While creating or amending an authorized contract, you can modify the percentage of commission to be charged. Enter the rate and click 'Re-compute' button to recalculate the commission percentage to be charged.

The details of the commissions that can be collected and the procedure of making them applicable to the LC you are processing has been detailed in the chapter Processing Commissions in the Modularity User Manual.

6.7 Defining Charge Details

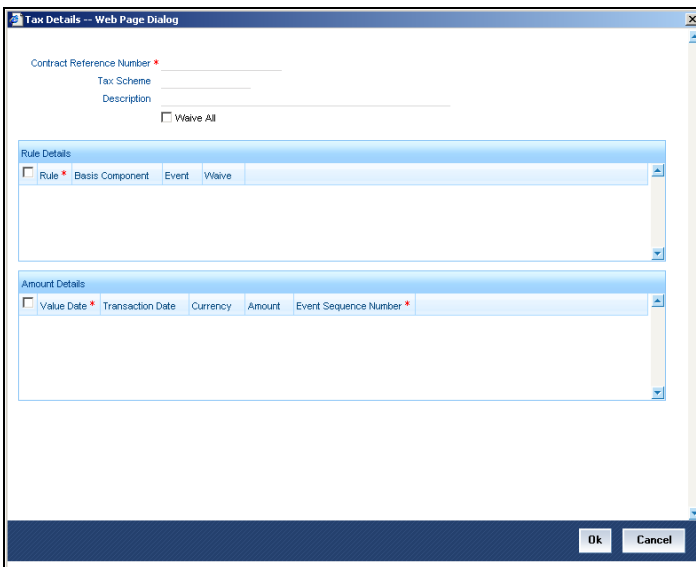
Click 'Charges' button to invoke the following screen.



Refer the Charges and Fees User Manual under Modularity for further details about this screen.

6.8 Specifying Tax Details

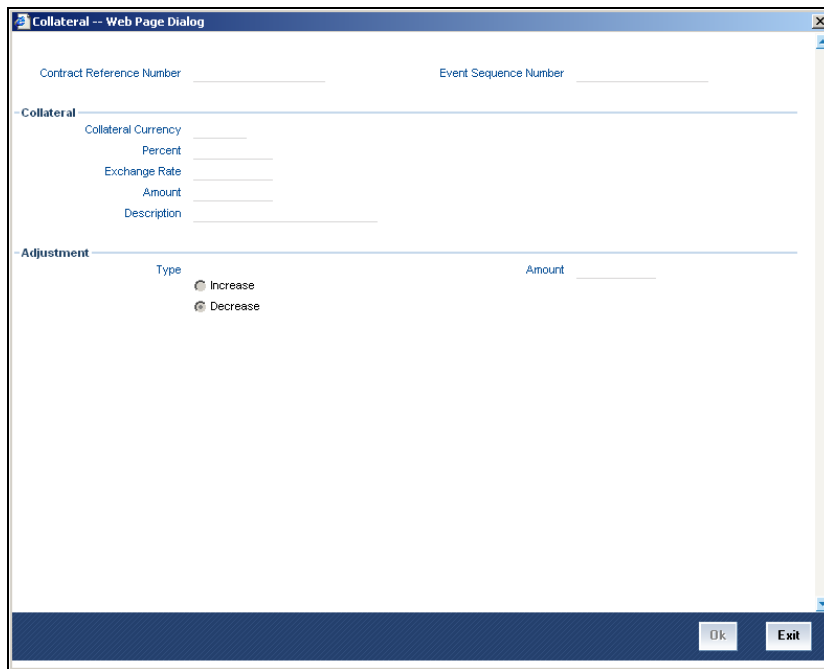
Click 'Tax' button to invoke the following screen.



Refer the Tax User Manual under Modularity for further details on tax processing.

6.9 Maintaining Collateral Details

LCs that are issued or confirmed is often processed with cash collateral. In cases like a in a Guarantee, you may even take a 100% cash collateral. This is when an applicant is not a customer of your bank and the credit worthiness of the applicant is not known. Details of such cash collateral can be maintained in the LC Contract - Collateral Details screen. To invoke this screen, click 'Collateral' in the LC Contract Details screen. The LC Collateral Details screen is displayed.



The cash collateral percentage is defined for the product under which an LC is processed. This percentage is picked up by default for the LC being processed.

6.9.1.1 Specifying Value of the Cash Collateral

The value of collateral can be expressed either as an amount or as a percentage of the LC amount.

Collateral Currency

Specify the currency of the collateral.

Percentage

If you specify the cash that is to be collected as collateral as a percentage of the LC amount, the equivalent amount is displayed. This amount is taken to be in the currency, defined as the collateral currency.

Amount

You can specify the cash collateral as an amount. In this case you do not need to specify a percentage. However if you specified the collateral as a percentage of the LC amount, the actual amount is computed in the collateral currency by the system.

Exchange Rate

If the collateral currency and the currency in which the LC is issued are different, you should also specify an exchange rate to be used in the conversion. The value of the collateral is determined based on this exchange rate.

Description

Give a brief description of the collateral.

6.9.1.2 Specifying Adjustment Details for a Collateral

At any time during the lifecycle of an LC, you may want to increase or decrease the value of the cash, accepted as collateral on LC. This is done by way of an amendment to the LC. The cash collateral can be increased or decreased, without changing the LC amount. On the other hand, a change in the LC amount may necessitate a change to the collateral amount.

Type

If you wish to increase the collateral amount, indicate 'Increase' on this screen.

If you wish to decrease the collateral amount that you have collected while issuing an LC, indicate 'Decrease' on this screen.

Amount

Enter the amount by which you want to increase or decrease the cash accepted as collateral. The collateral deposit account will automatically increase or reduce based on the specifications you make.



If at the time of availment, you want to pay from the collateral account, you can include it in the accounting entries for the event, Availment.

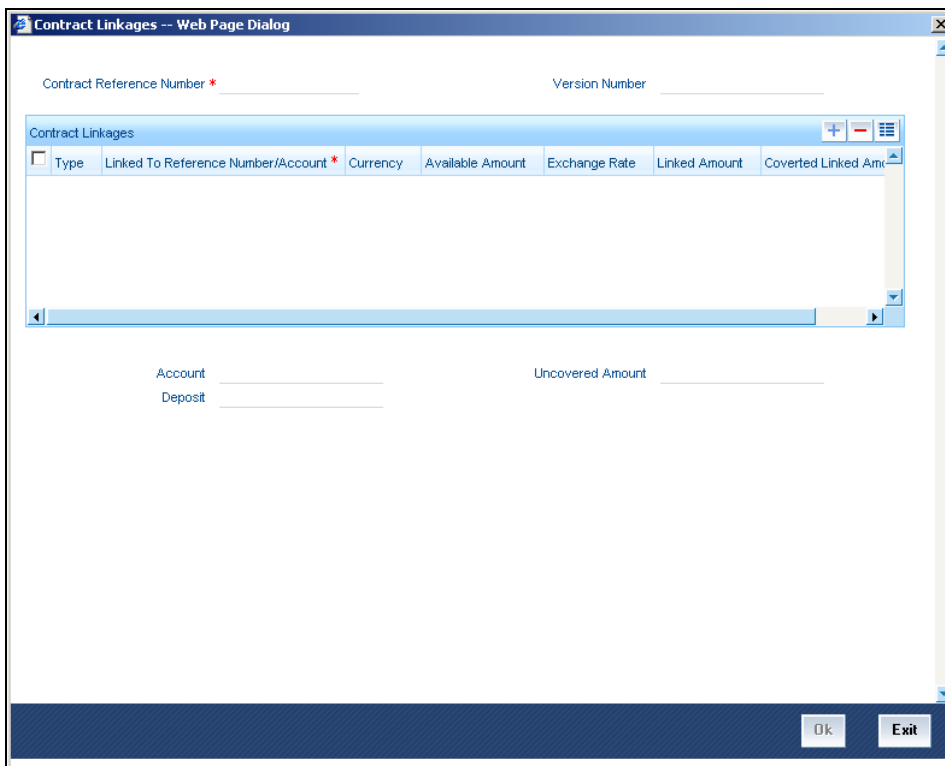
6.10 Linking Contracts to Deposits and Accounts

You can link an LC contract to deposits and accounts.

Type of linkage	Description
Linking a deposit	The entire LC amount, or a portion of it, can be linked to a deposit. The outstanding amount in the deposit should always be greater than or equal to the LC amount. You can link several LCs to the same deposit, provided sufficient

Type of linkage	Description
	funds are available in the deposit.
Linking an account	You can link the entire contract amount or a portion of it, to a savings or current account that is maintained with you. The available balance in the account should always be equal to or greater than the contract amount that is outstanding. You can link any number of contracts to an account provided a balance greater than or equal to the total outstanding contract amount(s) is available in the account.

The entire contract amount or a portion of it can be linked to any number of deposits or account or to both. From the LC Contract Details screen, you can invoke the 'Contract Linkages' screen by clicking 'Linkages' button. In this screen, you can specify any account/deposit with you, and indicate the funds that you would like to block.



Specify the following details.

Type

In the Contract Details screen, you can specify the type of linkage. The LC can be linked to a:

- deposit
- account

Linked To Reference Number/Account

If the LC is linked to a deposit, you should enter the Reference Number of the deposit. The deposit should be a valid contract in Oracle FLEXCUBE, with a Value Date that is earlier than or the same as the Value Date of the LC contract. The Maturity Date should be the same as, or later than that of the contract.

If the linkage is with an account, enter the account number to which you are linking the LC. The account you specify has to be a customer account (a Current account or a Savings Bank account).

Currency

The currency of the deposit or account to which the LC is linked, is displayed once the linkage details are specified.

Available Amount

The system displays the amount available against the linked contract or account.

Exchange Rate

If the currency of the LC is different from the currency of the deposit or account to which it is being linked, the mid-rate for the day will be picked from the Exchange Rate table and displayed in the screen.

Coverted Linked Amount

The system displays the coverted linked amount.

Linked Amount

Indicate the contract amount that has to be linked to the deposit or account. This amount can be the entire amount of the LC or a portion of it. The amount available for linkage, in the specified deposit or account, is arrived at, by taking into account other linkages and the uncollected and unauthorised balance (in the case of an account).

Once the linked amount is specified, the system displays the following values.

Account/Deposit

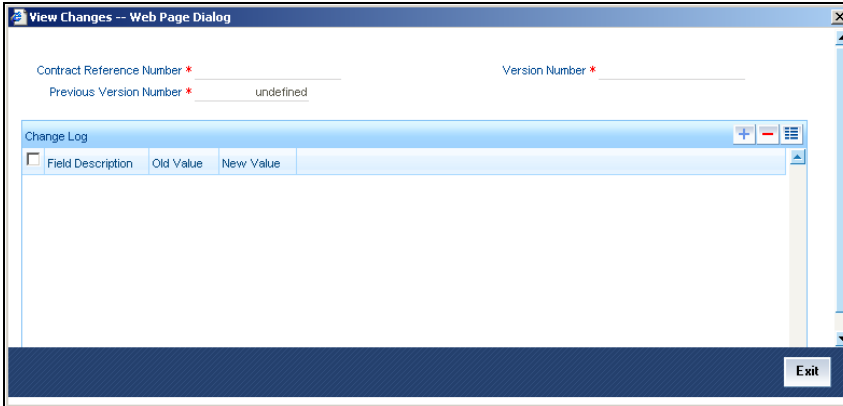
The system displays the amount linked to each contract or account.

Uncovered Amount

The system displays the contract amount that has not been linked, in the case of a partial linkage.

6.11 Viewing Amended Details of Contract

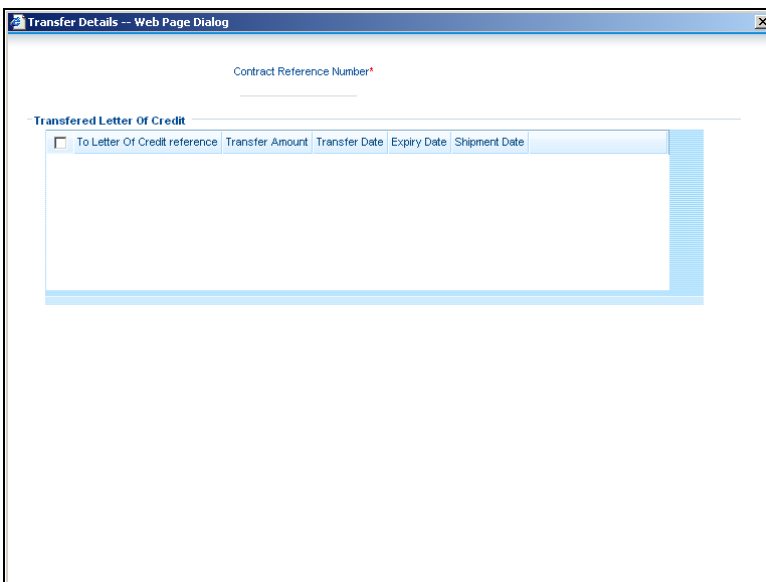
You can view the changes made in a specific version of an LC contract. To do this, navigate to the version of the contract that you would like to view in the Contract Details screen. Click 'Change Log' in the vertical array of buttons on the Contract Details screen.



The fields that were modified in the version will be displayed along with the old (inherited) and the changed values.

6.12 Specifying Transfer Details

Click 'Transfer Details' button to invoke the following screen.



Specify the following details.

To Letter Of Credit reference

Specify the destination to which the goods transacted under the LC should be sent by selecting the appropriate option from the list of values.

Transfer Amount

Specify the amount that should be transferred from the original LC. You can only transfer an amount that is less than or equal to the amount available under the original LC.

Transfer Date

The system date is displayed as the date of the transfer. This cannot be modified.

Expiry Date

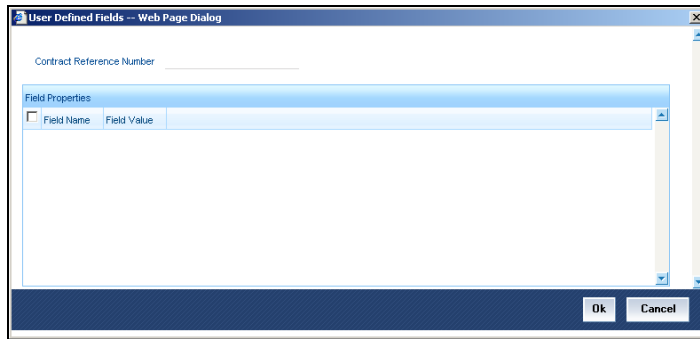
The expiry date is the date up to which the transferred LC is valid. The expiry date of the original LC is displayed here. You can modify this, provided that the expiry date is not earlier than the LC issue date or the system date.

Shipment Date

This is the latest date by which the shipment of the goods specified for the transferred LC can take place. The latest shipment date of the original LC is displayed here. You can modify this, provided that the date you enter is neither earlier than the Issue Date of the LC, nor later than the expiry date.

6.13 Capturing UDF Values

Click 'Fields' button to invoke the following screen.



The User Defined Fields (UDFs) maintained for the linked product or function id are displayed here. You can specify values for them.

Refer the User Manual titled 'User Defined Field' for details about defining UDFs.

7. Making Availment

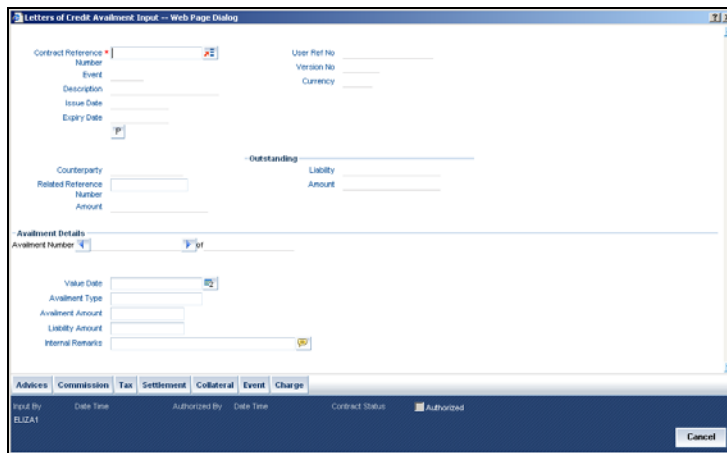
7.1 Introduction

On receipt of the bills or on notification from the negotiating bank, you can record an availment under an LC. The availment on an LC can be made only up to the Maximum LC amount, specified in the Contract Main screen.

Once an availment is recorded, the current availability under the LC will be reduced and the outstanding liability updated automatically. It will be reduced by the availment amount. When an availment is recorded and there is cash collateral outstanding against the LC, invoke the cash collateral screen and specify the amount of cash collateral to be released.

7.2 Capturing Availment Details

You can invoke the 'Letters of Credit Availment Input' screen by typing 'LCDAVMNT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. Click 'New' from the Actions Menu or new icon in the toolbar. The 'Letters of Credit Availment Input' screen with no values in the fields is displayed.



Specify the following details.

Contract Reference

Specify or select the contract reference number from the option list provided. Click 'P' button.

The following contract details will be displayed:

- Event
- Description
- Issue Date

- Expiry Date
- User ref No
- Version No
- Currency
- Counterparty
- Related Reference Number
- Amount
- Liability
- Outstanding Amount

Availment Details

Specify the following details.

Availment Amount

You can specify the amount being availed under the LC, in this screen. The availment amount that you specify cannot be greater than the Outstanding LC Amount displayed in this screen. Partial amounts can be availed against an LC. The availment thus need not always be the amount available under the LC.

After an availment is made on an LC, the LC amount is automatically reduced. The LC amount after the availment is displayed in the Outstanding LC Amount field of the 'LC Contract Main' screen.

If the LC is linked to an open insurance policy for which the option 'Update utilization Automatically' is checked, the system will decrease the utilization on the policy with the LC availment amount. Similarly, if the availment is reversed or a reversal is deleted, then the utilization amount will be increased or decreased respectively to the extent of the availment amount.

Value Date

An availment can be made either as of a date in the past or today. By default, the system displays the current date. You can change it to a date in the past.

Availment Type

Specify the type of availment to be recorded under the LC. Click the adjoining drop-down list and select one of the following values:

- Payment
- Acceptance
- Negotiation

If the entry to this field does not adhere to the conditions specified above you will be prompted for an override.

Liability Amount

The Liability Amount refers to the customer's liability to the bank. For an availment you can specify the amount that should be reduced, from the Outstanding Liability amount.

The Outstanding Liability amount can be reduced by an amount that is greater or less than the amount currently being availed. By default, the availment amount specified in the Availment Amount field will be defaulted here.



The liability amount that you specify should not result in the Outstanding Liability Amount being less than the Outstanding LC Amount. If the values entered as the Availment Amount and the Liability Amount result in the liability amount being less than the LC amount, an error message will be flashed. The message will prompt you to re-enter values to the relevant fields.

Internal Remarks

Click the adjoining icon and enter information about the availment in the window that pops up. This information is intended for the internal reference of your bank. These remarks will be displayed when the details of the availment are retrieved or printed. However, this information will not be printed on any correspondence with the customer.

7.2.1.1 Reversing LC Liability

When an LC is availed using a Bill (or using the Availment function from the Browser), the Availment Amount and the Liability Percentage specified for the underlying LC contract, will be used in computing the default Liability Amount. The default value that is displayed can be changed.

The following example illustrates this.

Example

You have specified the following details for an LC instrument.

LC Amount	1,000,000
Positive Tolerance	10%
Liability Percentage	5%
LC Liability Amount	$100,000 + 10\% (100,000) + 5\% (100,000) = 115,000$

When you avail this LC to a tune of 200,000, the Liability Amount will default as follows:

LC Amount	200,000
Liability Amount	$200,000 + 5\% (200,000) = 210,000$



During availment, the Positive Tolerance Percentage specified for the LC is not taken into account to compute the default value of the Liability Amount.

The LC availment screen displays buttons that invoke the various functions necessary to make an availment on an LC. The buttons have been briefly described below:

Icons	Description
Advices	Click this button to define the advices that will be generated for the availment.
Commission	This button invokes the Charges, Commissions, or Fees service. The chapter titled Processing Charges on LCs details the procedure of maintaining charge rules. It also deals with the application of the scheme on an availment.
Tax	<p>This button invokes the availment tax services. The tax details applicable for the availment will be shown and you can choose to waive it, if necessary.</p> <p>The chapter titled Processing Tax for LCs details the procedure of maintaining tax rules and schemes. It also deals with the linking and application of the scheme on an availment.</p>
Settlement	<p>Click on this button to invoke the Settlement screens. You can specify settlement details for the availment like:</p> <p>the accounts to be used for the availment</p> <p>message details and</p> <p>party details</p> <p>Based on the details that you enter in the settlement screens, the availment will be settled. The details of these screens have been discussed under the head Maintaining Settlement Instructions in this chapter.</p>
Collateral	In the screen corresponding to this button, you can specify the adjustments that you want to make, on the cash collected as collateral.
Event	Click this button to view the details of the events and accounting entries that an availment entails. This icon also gives the details of other events on the LC.
Charge	Click this button to capture charge details.

Enter valid inputs into all the mandatory fields before you save the availment. Save the contract by either clicking save in the toolbar or selecting Save from the Actions menu. On saving the availment, your User Id will be displayed in the Entry By field at the bottom of the screen. The date and time at which you saved the record will be displayed in the Date/Time field.

A user bearing a different User ID should authorise an availment that you have entered, before the EOD is run. The ID of the user who authorised the availment will be displayed in the Auth By field. The date and time at which the availment has been authorised will be displayed in the Date/Time field. The current status of the LC contract on which you are processing the availment, is also displayed in the field Contract Status. The field will display one of the following:

- Active
- Closed
- Reversed
- Cancelled
- Hold

7.2.2 Specifying Collateral Details

If the LC that you are processing has been backed by cash collateral, you can specify the cash collateral to be released as a result of the availment.

By default, the collateral amount proportional to the amount availed will be adjusted automatically. This default amount can be reduced or increased.

Click 'Collateral' button in the LC availment screen.

Collateral -- Web Page Dialog

Contract Reference Number _____ Event Sequence Number _____

- Collateral

Collateral Currency

Percent

Exchange Rate

Amount

Description

- Adjustment

Type Increase Decrease

Amount

Ok Cancel

Specify the following details.

Collateral Currency

The currency of the collateral is displayed here.

Percent

The system displays the percentage of LC amount that should be considered for the collateral amount.

Exchange Rate

The exchange rate to be used in the conversion is displayed here. The value of the collateral is determined based on this exchange rate.

Amount

The collateral amount is displayed here.

Description

A brief description of the collateral is displayed here.

Adjustment

Specify the following details.

Type

You can increase the collateral amount that is calculated by default. Choose 'Increase' option and enter the amount by which the cash collateral should be increased. Choose the 'Decrease' option

Amount

Specify the amount by which the cash collateral should be increased or decreased.

If you are adjusting the collateral against an availment, you should have defined the appropriate accounting entries for the event code AVAL.

Not invoking the 'Collateral' screen during the availment session will mean that you do not want to adjust the collateral. This would be so even if you have defined the accounting entries for availment reduction. An override to this effect will be displayed when you save the availment.

7.2.3 Maintaining Settlement Instructions

Apart from the details of the accounts involved in the availment, you may have to capture party details for messaging requirements. The default settlement instructions for the customer will be shown in the 'Settlement Details' screen. You can modify them. The accounts involved could be the settlement account for the availment amount, charges and tax, if they are applicable.

Click 'Settlement' button in the 'LC Availment' screen and invoke the 'Settlement Details' screen.

Here you can specify the following details.

7.2.3.1 **Account Details Tab**

Click 'Account Details' tab to specify the details of the accounts involved in the avilment. The accounts and amount involved in the Debit and Credit legs of the accounting entry, for the avilment amount will be displayed in the 'Account Details' screen. These details cannot be changed here. If a change is necessary, the same would have to be specified in the 'LC Availment' screen.

The other details shown in this screen are the:

- Component and its currency
- Payment account and its currency
- Branch of your bank to which the account belongs
- Exchange rate (in case the component currency is different from the account currency)
- ERI Amount (Euro Related Information)
- ERI Currency
- Rate code
- Spread definition
- Customer spread



When settling charges for an LC or a guarantee, you can use a Receivable Account instead of a Customer Account. In such a case, you can send a charge claim advice to the customer.

ERI Currency and Amount

SWIFT messages (MT 100/MT 202) generated towards settlement, can furnish the value of the settlement amount in the settlement account currency and in the ERI currency.

If you choose to furnish the ERI value of the amount, you have to enter the following in the 'Settlement Message Details' screen:

- The ERI currency
- The ERI Amount

The system defaults to the ERI currency specified for the customer and currency combination. The default ERI currency can be changed. The ERI amount will be validated against the Tolerance Limit, specified for the ERI currency.



On 1 January 1999, eleven countries that are part of the European Union embarked on the first phase of economic integration, called the 'Economic and Monetary Union' (EMU). The EMU ushered in a new, single European currency: the Euro (EUR). The Euro, in Oracle FLEXCUBE, can be handled by capturing information such as the ERI details, in this screen.

Generate Message

Settlement messages, defined for components that fall due, will be generated automatically when you the Settlement Generation function at the End of Day. To suppress the generation of the settlement message defined for a component, uncheck the Gen Message field of the 'Contract Settlement Message Details' screen.

Debit/Credit Indicator

The default settlement instructions for the customer will be shown in the Settlement Accounts screen. The default can be modified.

The direction of settlement indicates whether the account being shown, will be debited or credited:

- P - Indicates Pay, meaning that the account should be credited
- R - Indicates Receive, meaning that the account should be debited

Netting

Check this box to indicate that you would like to enable the Netting option for the various components (Amount Tags) involved in the transaction. These components could be commission, interest, tax, charges etc.

Component Description

Give a brief description for the chosen component.

7.2.3.2 Verifying Signatures

Click 'Signature Verification' button to verify signatures for the transaction.

7.2.3.3 Message Details Tab

A Letter of Credit can be settled either in the form of an instrument or a Message (a SWIFT, TELEX or Mail message to be sent to the concerned party). The details regarding the instrument or message have to be specified in the 'Message Details' screen. The message details that you specify in this screen are applicable only for SWIFT. The type of SWIFT message that is generated depends on the parties involved in the LC.

The screenshot shows a web-based dialog window titled "Settlement Details -- Web Page Dialog". It features a tabbed interface with the following tabs: "Account Details", "Message Details" (selected), "Parties", "Cover Parties", "Other Details", "Clearing Details", and "Local Clearing". The "Message Details" tab is active, displaying several sections:

- Reference Number** and **Component** input fields at the top.
- Instrument Details** section with "Type" and "Number" input fields.
- Payment By** section with radio buttons for "Message" (selected), "Instrument", and "Clearing".
- Details of Charges** section with radio buttons for "Remitter all Charges" (selected), "Beneficiary all Charges", and "Remitter our Charges".
- Clearing Network** section with a "Network Code" input field.
- Message Details** section with a checked "Cover Required" checkbox.
- Sender to Receiver Information** section with six "Information" input fields (Information 1 to Information 6) and an "RTGS Network" input field.
- Details of Payment** section with four "Details of Payment" input fields (1 to 4).
- Transfer Type** dropdown menu at the bottom, currently set to "Bank Transfer".
- Bottom right corner contains "Ok" and "Cancel" buttons.

Based on the method of settling the LC, you should input either Instrument or Message details.

Instrument Details

Specify the following details.

Instrument Type

If the payment is through an instrument, indicate the type of instrument. It could be Manager's Check, Check or a Demand Draft.

Number

Specify the number that will identify the instrument. This number will be printed on the instrument. If the settlement is through an instrument, the party details cannot be specified for the transfer.

Typically, an LC availment entails the debiting or crediting of the customer account, for the settlement amount. If the customer is being credited (in the case of your customer being the beneficiary, of the availment,) you may want to generate an instrument.

Details of Charges

Specify who should bear charges for the message. Choose one of the following options:

- Remitter all Charges
- Beneficiary all Charges
- Remitter our Charges

Message Details

For a SWIFT message, you have to specify the following.

Cover Required

Check this box to indicate that a Cover has to be sent to the Reimbursement Bank, along with the payment message to the receiver.

Details of Payment 1 to 4

Specify bank to bank payment details (these can be in the form of instructions or additional information to any of the parties involved in the transfer).

Sender to Receiver Information 1 to 6

Tag 72 will be used to specify the sender to receiver information. This tag is applicable to MT740 message type.

RTGS Payment

Check this box to indicate the payment mode is RTGS.

RTGS Network

Specify the RTGS Network used for the transaction.

Transfer Type

Specify the type of transfer. It can be any one of the following:

- Bank Transfer
- Customer Transfer
- Bank Transfer for own A/c
- Direct Debit Advice
- MCK
- None

Banking Priority

Indicate the priority for the payment. Choose any one of the following options:

- Highly Urgent Payments
- Urgent Payment
- Normal Payment

7.2.3.4 Parties Tab-1

To process an avilment on an LC, the funds may have to pass through a series of banks, before it actually reaches the Ultimate Beneficiary. Through the Parties screen you can capture details of all the parties that are involved in the transfer of funds.

The screenshot shows a web application window titled "Settlement Details -- Web Page Dialog". At the top, there are input fields for "Reference Number *" and "Component". Below these are several tabs: "Account Details", "Message Details", "Parties", "Parties", "Cover Parties", "Other Details", "Clearing Details", and "Local Clearing". The "Parties" tab is selected, and it contains several sections for defining the parties involved in the transfer:

- Intermediary Reimbursement Institution:** Five rows labeled "Reimburse Institution 1" through "5", each with a text input field and a small icon.
- Receiver Correspondent:** Five rows labeled "Correspondent 1" through "5", each with a text input field and a small icon.
- Receiver of Cover:** A single text input field with a small icon.
- Intermediary:** Five rows labeled "Intermediary 1" through "5", each with a text input field and a small icon.
- Account With Institution:** Five rows labeled "Account with Institution 1" through "5", each with a text input field and a small icon.
- Receiver:** A single text input field with a small icon.

At the bottom right of the window, there are "Ok" and "Cancel" buttons.

The details you enter in these screens depend on the type of LC being processed.

An Intermediary Reimbursement Institution is the financial institution between the Sender's Correspondent and the Receiver's Correspondence.

Reimburse Institution 1 to 5

Specify the institution through which reimbursement of the funds should take place.

Intermediary 1 to 5

The Intermediary in a LC refers to the financial institution, between the Receiver and the Account With Institution through which the funds must pass.

The Intermediary may be a branch or affiliate of the Receiver or the account with Institution or an altogether different financial institution. This field corresponds to field 56a of S.W.I.F.T. Here you can enter either the:

- ISO Bank Identifier Code of the bank
- Name and address of the bank

Receiver's Correspondent 1 to 5

The Receiver's Correspondent is the branch of the Receiver or another financial institution, at which the funds will be made available to the Receiver. This field corresponds to field 54a of SWIFT. You can enter one of the following:

- ISO Bank Identifier Code of the bank
- The branch of the Receiver's Correspondent
- Name and address of the Receiver's Correspondent

Account With Institution 1 to 5

An Account With Institution refers to the financial institution at which the ordering party requests the Beneficiary to be paid. The 'Account With Institution' may be a branch or affiliate of the Receiver, or of the Intermediary, or of the Beneficiary Institution, or an entirely different financial institution. This field corresponds to field 57a of SWIFT.

Receiver of Cover

You can enter one of the following:

- ISO Bank Identifier Code of the bank
- The branch of the Receiver's Correspondent
- Name and address of the Receiver's Correspondent
- Other identification codes (for example, account number)

Receiver

The id of the receiver in the transaction will be displayed. You can change the same.

7.2.3.5 Parties Tab-2

Click 'Parties' tab to capture party details.

You can capture the following details.

Ordering Institution 1 to 5

The Ordering Institution is the financial Institution that is acting on behalf of itself, or a customer, to initiate the transaction. This field corresponds to 52a of SWIFT.

In this field, you can enter one of the following:

- The ISO Bank Identifier Code of the Ordering Institution
- The branch or city of the Ordering Institution
- The Name and address of the Bank

Ordering Customer 1 to 5

The Ordering Customer refers to the customer ordering the transfer. Here you can enter the name and address or the account number of the Customer, ordering the transaction. This field corresponds to field 50 of SWIFT. You will be allowed to enter details in this field only if you have initiated a customer transfer (MT 100 and MT 102).

Beneficiary Institution 1 to 5

In this field you can enter details of the institution in favour of which the payment is made. It is in reality the bank that services the account of the Ultimate Beneficiary. This field corresponds to field 58a of SWIFT.

Entries into this field are permitted only for Bank Transfers (when the remitter and beneficiary of the transfer are financial institutions - MT 100 or MT 202). Here you can enter either of the following:

- The ISO Bank Identifier Code of the Beneficiary Institution
- The Name and Address of the Beneficiary Institution

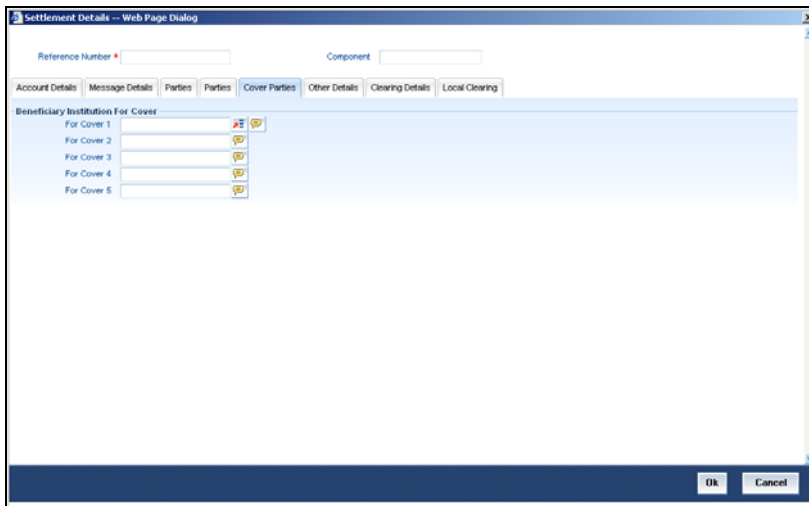
Ultimate Beneficiary 1 to 5

The Ultimate Beneficiary refers to the Customer to whom the availment amount is to be paid. This field refers to field 59 of SWIFT. Entries into this field are permitted only for a customer transfer (MT 100 and MT 202). The number of banks involved in the transfer would therefore depend on the following:

- Relationships and arrangements between the sending and receiving banks
- Customer instructions
- Location of parties
- The banking regulations of a country

7.2.3.6 Cover Parties Tab

Click 'Cover Parties' tab to invoke the following screen.



Specify the following details.

Beneficiary Institution For Cover 1 to 5

Select the institution in favour of which the payment is made, from the option list. If you click on the adjoining button, a notepad editor emerges. You can specify further details about the institution here.

7.2.3.7 Other Details Tab

Click 'Other Details' tab to invoke the following screen.

Specify the following details.

Counterparty Bank

The clearing bank code here gets populated with the value specified in the contract screen. However you can change it. Select the relevant clearing bank code from the adjoining option list.

Description

The description of the selected bank, where the cover party account resides, is displayed here.

Counterparty Account

Specify the counterparty account. All the counterparty accounts pertaining to the selected Counterparty Bank will appear for selection in the adjoining option list. On selecting the Counterparty Account, the system will default the Counterparty Name as maintained for that account.

If at the time of selecting Counterparty Account, Counterparty Bank is Null, then the Counterparty Bank will also appear by default.

Counterparty Name

Specify the name of the counterparty.

Agreement Identification

For processing direct debits on transactions you will also need to capture the Agreement ID of the counterparty in order to facilitate a cross-referencing between the contract payment and the direct debit instruction when a reversal of payment is carried out due to rejection of the outbound DD.

Specify the Agreement ID in this field. Typically, you will need to specify this only for the Receive leg. This field is disabled for the Pay leg.

Clearing Network

Specify a clearing network during settlement instruction maintenance for the Pay Leg.

Post Accounting

Check this option to indicate that accounting entries maintained for the product should be posted.

7.2.3.8 Clearing Details Tab

Click 'Clearing Details' tab to invoke the following screen.

The screenshot shows a web-based dialog box titled "Settlement Details - Web Page Dialog". It features a tabbed interface with the following tabs: Account Details, Message Details, Parties, Parties, Cover Parties, Other Details, Clearing Details (selected), and Local Clearing. The main content area is divided into several sections:

- Reference Number *** and **Component** (text input fields).
- Bank Operation Code** (dropdown menu) and **Transaction Code** (text input field).
- Regulatory Reporting Details** section with three dropdown menus: Regulatory Report 1, Regulatory Report 2, and Regulatory Report 3.
- Time Indicators** section with three dropdown menus: Time Indicator 1, Time Indicator 2, and Time Indicator 3.
- Instruction Code** section with six rows, each containing an "Instruction Code" field (with a red 'X' icon) and a "Description" field.
- Envelope Contents** section with five rows, each containing an "Envelope Contents" field (with a yellow speech bubble icon).

At the bottom right of the dialog, there are "Ok" and "Cancel" buttons.

Specify the following details.

Bank Operation Code

Select the bank operation code that should be inserted in field 23B of an MT103 message, from the adjoining drop-down list. The list contains the following codes:

- SPRI
- SSTD
- SPAY
- CRED

This specification is defaulted from the settlement instructions maintained for the customer, currency, product, branch and module combination. However, you can change it.

Transaction Code

The transaction code maintained in the settlement instructions is defaulted here. However, you can change the code.

Regulatory Report 1 to 3

Select the Regulatory Reporting Details from the drop-down list displaying the following values:

- /BENEFRES/
- /ORDERRES/

Time Indicator 1 to 3

Time Indication, specifies one or several time indication(s) related to the processing of the payment instruction. Select the time indication code from the following values available in the option list:

- /CLSTIME/ - Time by which funding payment must be credited, with confirmation, to the CLS Bank's account at the central bank, expressed in CET.
- /RNCTIME/ - Time at which a TARGET payment has been credited at the receiving central bank, expressed in CET
- /SNDTIME/ - Time at which a TARGET payment has been debited at the sending central bank, expressed in CET

Instruction Code 1 to 5

Select the instruction code that should be inserted in field 23E of an MT103 message involving the customer of the contract, from the adjoining drop-down list. This list contains the following codes:

- CHQB
- TELE
- PHON
- PHOI
- REPA
- INTC
- TELI
- SDVA
- PHOB
- TELB
- HOLD
- CORT
- BONL

This specification is defaulted from the settlement instructions maintained for the customer, currency, product, branch and module combination. However, you can change it.

Description

Specify additional information that should be inserted to qualify the Instruction Code in field 23E of an MT103 message involving the customer of the contract. For instance, if the Instruction Code is REPA and the description is "Repayment" then the text 'REPA/Repayment' will be inserted in Field 23E. You can give a description for the following instruction codes only:

- PHON
- PHOB
- PHOI
- TELE
- TELB
- TELI
- HOLD
- REPA

This specification is defaulted from the settlement instructions maintained for the customer, currency, product branch and module combination. However, you can change it.

Envelope Contents 1 to 5

Specify details of envelope contents, if required.

7.2.3.9 Local Clearing Tab

Click 'Local Clearing' tab to invoke the following screen.

Specify the following details.

Message Details

Specify the following details.

Ultimate Bank Code

Specify the bank code where the ultimate beneficiary account rests.

Sender Receiver Participant

Specify the sender receiver participant name.

Additional Identifier

Specify the additional identifier.

Sorbnet Specific Details

Specify the following details.

Payment Code

Specify the Sorbnet payment code.

Additional Information

Specify additional information if required.

ZUS Transaction

Specify the following details.

Nip Payer

Specify the Nip payer.

Payer Identifier

Specify the payer identifier.

Declaration

Give a declaration for the payment.

Supplement Identification

Select the supplement identification from the adjoining drop-down list.

Payment Type

Select the payment type from the drop-down list.

Number of Declaration

Specify the number of declaration.

Sender Receiver Information 1 to 6

Include any message that the sender wishes to pass on to the receiver as part of the funds transfer.

Free Text 1 to 3

Specify the free text for settlement messages.

Additional Information 1 to 4

Specify additional information for settlement messages.

Receiver Information

Specify the following details.

Receiver Account

Specify the account number of the beneficiary. This field is used to populate field 58a of a MT202 cover message.

Receiver Name

Specify the name of the receiver.

Address 1 to 3

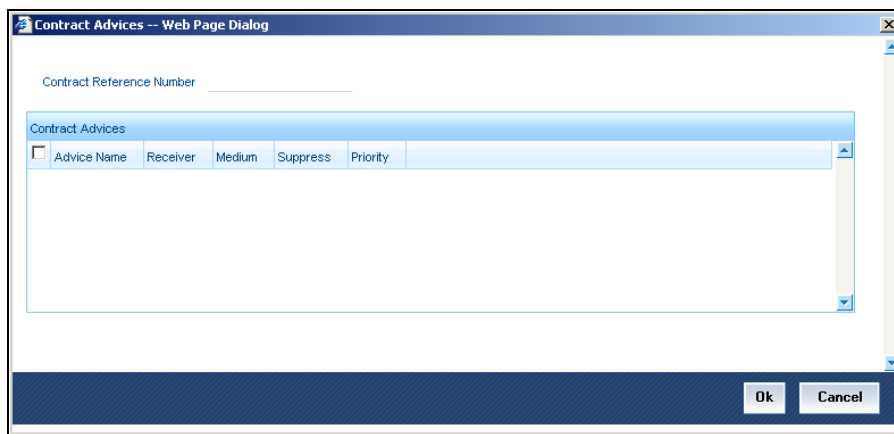
Specify the receiver's address.

Repair Reason 1 to 4

Specify the repair reason.

7.2.4 Viewing Advice Details

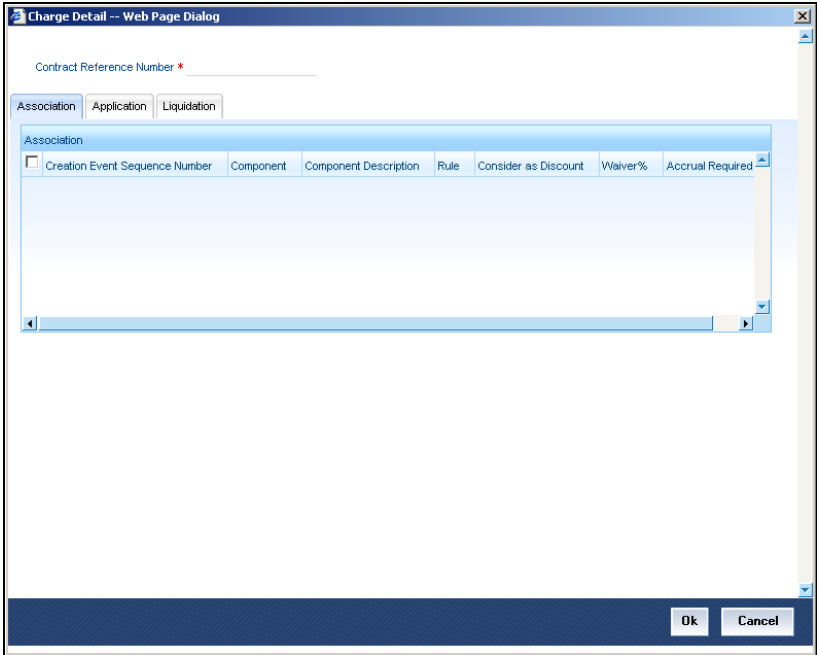
Click 'Advices' button and invoke the 'Contract Advices' screen.



You can view advices generated for the contract during availment.

7.2.5 Specifying Charge Details

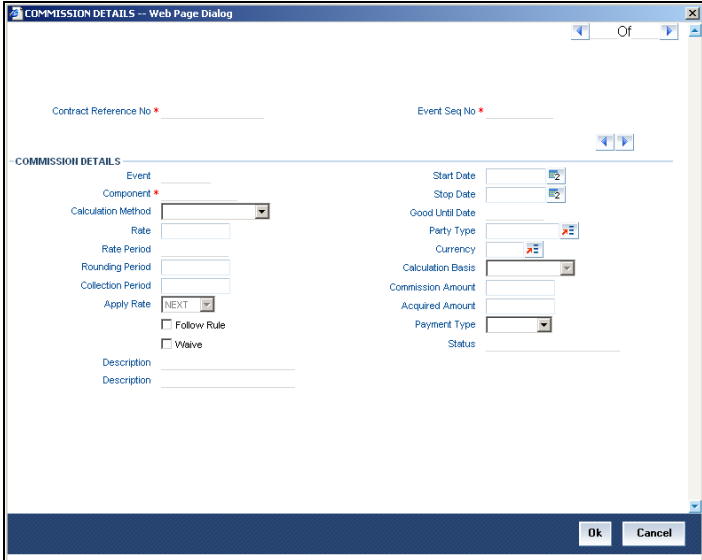
Click 'Charges' button and invoke the 'Charge Detail' screen.



Refer the Charges and Fees User Manual under Modularity for further details about charge maintenance.

7.2.6 Specifying Commission Details

Click 'Commission' button and invoke the 'Commission Details' screen.



Refer the Commission User Manual under Modularity for further details about commissions processing.

7.2.7 Specifying Tax Details

Click 'Tax' button and invoke the 'Tax Details' screen.

Rule	Basis Component	Event	Waive
------	-----------------	-------	-------

Value Date	Transaction Date	Currency	Amount	Event Sequence Number
------------	------------------	----------	--------	-----------------------

Refer the Tax User Manual under Modularity for further details about tax processing.

7.2.8 Viewing Event Details

Click 'Events' button in the 'LC Availment' screen, to go to the 'View Events' screen. The details of events that have taken place on the contract including the last availment, that you are have just entered will be displayed. The date on which the event took place will also be displayed.

Event No.	Event Date	Event Code	Description
-----------	------------	------------	-------------

Click 'Exit' or 'Cancel' button to go back to the main screen.

7.2.8.1 Viewing Accounting Entries

From the 'View Events' screen, click 'Accounting Entries' button to view the Accounting Entries for the event. You can view the details of the accounting entries that were passed only for the event displayed in the availability – 'View Events' screen.

The screenshot shows a web application window titled "View Details - Web Page Dialog". At the top, it displays "Reference Number * CHOILRR001850005" and "Event BISS". Below this is a section for "Accounting Entries" with a table containing the following data:

<input type="checkbox"/>	Branch	Account	Dr/Cr	Amount Tag	Currency	Foreign Currency
<input type="checkbox"/>	CHO	CL1101031	C	LIAB_OS_AMT	USD	
<input type="checkbox"/>	CHO	CA1101031	D	LIAB_OS_AMT	USD	
<input type="checkbox"/>	CHO	AA7000000	D	LCCOU-ISS_LIQD	USD	
<input type="checkbox"/>	CHO	IN2905006	C	LCCOU-ISS_LIQD	USD	
<input type="checkbox"/>	CHO	AA7000000	D	LC-SWFTIS_LIQD	USD	

Below the table is a checkbox labeled "See Position Entries" which is checked. Underneath is an "Overrides" section with a table:

<input type="checkbox"/>	Overrides	Authorization Status	Auth By	Auth Date Stamp
<input type="checkbox"/>	Expiry Date 01-OCT-00 Is A Holiday			
<input type="checkbox"/>	Expiry Date 01-OCT-00 Is A Holiday			
<input type="checkbox"/>	No limit tracking done for the contract			
<input type="checkbox"/>	Expiry Date 01-OCT-00 Is A Holiday			
<input type="checkbox"/>	No Collaterals Maintained. Collaterals Advice will be supre			

An "Exit" button is located at the bottom right of the dialog.

The following information is provided for each event:

- Branch
- Account
- Transaction Code
- Booking Date
- Value Date
- Dr/Cr indicator
- Currency
- CCY (Currency)
- Amount in contract CCY
- Amount in local currency.

All the overrides that were allowed for an event will also be displayed

Click 'Exit' or 'Cancel' button to return to the screen from where you invoked the 'Accounting Entries' screen.



The system will display an override message if the date when the availment is made i.e. the value date of the availment falls after the expiry date for the LC issued. You may use your discretion to proceed or cancel the contract. You can also have this override configured as an error message in which case, the system will not allow you to proceed until you make the necessary changes.

7.2.8.2 **Reversal of Availment**

You can reverse the last availment made on an LC. All availments made on the LC will be displayed. You can select the last availment performed on the LC for reversal.

To reverse the details of an LC, select Reverse from the Actions Menu or click reverse icon in the toolbar. On reversing an availment on an LC, the system passes reversal entries for the availment.



An availment can be reversed, only if it was the last event that took place on the LC contract.

Reversal of LC Liability

When an LC is availed using a Bill (or using the Availment function from the browser), the Availment Amount and the Liability Percentage specified for the underlying LC contract will be used in computing the default Liability Amount. This default value can be changed.

The following example illustrates this.

Example

You have specified the following details for an LC instrument.

LC Amount	1,000,000
Positive Tolerance	10%
Liability Percentage	5%
LC Liability Amount	$100,000 + 10\% (100,000) + 5\% (100,000) = 115,000$

When you avail this LC to a tune of 200,000, the Liability Amount will default as follows:

LC Amount	200,000
Liability Amount	$200,000 + 5\% (200,000) = 210,000$



Note that during availment, the Positive Tolerance Percentage specified for the LC is not taken into account to compute the default value of the Liability Amount.

8. Amending Details of LC

8.1 Introduction

An amendment to an LC signifies any change made to the terms of an LC after it has been authorised. An amendment can be made at anytime after an LC has been authorised and before its expiry date.

The following are some examples when you would amend the details of an LC:

- You as the issuing bank have got an application from your customer to change the terms of the LC.
- You as the advising bank have received instructions from the issuing bank to amend an LC advised by you.

8.2 Procedure for Amending LC

While in the detailed view of the LC, select Unlock from the Actions menu or click unlock icon on the toolbar. All the details entered for the LC will be displayed. You can amend the details of the contract depending on whether:

- The LC has been authorized
- The LC has not been authorised even once after it was input

Depending on the authorisation status of an LC contract, you can amend its details as follows:

- When you have captured the details of a contract and it is not yet authorized, its attributes, financial as well as non-financial, can be changed, even if the details have been saved. If accounting entries are involved in the change, the old entries are deleted and new ones passed.
- Once a contract has been authorised, additional entries will be passed, depending on the nature of amendment.

For each amendment, a new version of the LC will be generated. Different versions of the LC will also be generated by events like reinstatement and reopening. In the 'Contract Detailed View' screen, you can view the different versions by clicking the arrow buttons for the previous and the next versions.

When a customer requests for changes in the terms of the contract, the details of the LC are amended accordingly and an amendment instrument is generated. The amendment of the following details of an LC, result in the generation of an amendment instrument:

- An amendment in the LC amount
- An amendment in the expiry date
- A change in the latest shipment date
- Any change to the free format instructions for the LC

If there are changes in the terms of the LC other than IN the amount, the expiry date or latest shipment date, indicate the same in the form of a free format instruction, for the amendment instrument.

In case of amendment, you have the option to reissue the Guarantee. If you choose to do so, the REIS (Reissue of Guarantee) event will be triggered. The system checks for any previous amendment. In case no amendment has been performed, the system displays the message:

Do you want to Reissue the Guarantee?

Click on OK to reissue the Guarantee or click on Cancel to process the amendment of Guarantee.

The system checks if REIS event is maintained for the product. If the event is maintained, the system does not allow any further change in the LC contract details apart from FFT fields, which can be modified/added but you cannot delete the existing data.

The system creates a new version for the Reissue event and the event inherits all the contract information defined for the authorized BISS event. The version also inherits the information from the subsystem excluding Charges and Commission. No commission is associated with the Reissue event and charges can be maintained for the REIS event, which is processed along with the reissue event.

When the Reissue event is authorized, the advices maintained in the REIS event are processed.

8.2.1 Indicating Change of Value for a Field

When the LC amount is being changed, the new amount of the LC should be indicated after the amendment.

Example

The original LC amount was USD 100,000 and you want to make it USD 150,000. In the LC amount field, during amendment, enter the amount as USD 150,000. The system will calculate the increase in amount and pass the appropriate entries. The LC amendment instrument will have both the old and new values.

The original LC amount was USD 100,000 and you want to change it to USD 75,000. In the LC amount field, during amendment, enter the amount as USD 75,000. The system will calculate the decrease in amount and pass the appropriate entries. The LC amendment instrument will have both the old and new values.

When you are changing the expiry date or the latest shipment date, you should enter the new date in their respective fields.

8.2.2 Commission and Charges for Amendment

While amending the details of an LC, you can specify the commissions and charges that you want to levy for processing the amendment. These will be effective from the date of amendment. It will not affect the booking commission in any way.

Refer to the Commissions User Manual for details on how commission is calculated, for an amendment.

8.2.3 Amendment of an Unauthorised LC

The amendment of an unauthorised LC is considered as a modification. When an LC that you have entered is not yet authorized, you can change all its details except the details in the header (contract reference number, the product and type of operation). To change any detail on an LC that has been stored and not authorised, delete the LC and input a new one.

After amending the details of the unauthorised LC, save the contract with the new information. On saving the amendment, all the accounting entries that were passed during the input of the contract and the earlier accounting entries specified for the LC, will be deleted. A fresh set of accounting entries will be passed for the amended LC contract.

As the advices to be generated for an LC, are generated only at the time of authorisation, no action needs to be taken regarding messages.



The system will not allow you to amend the following fields in the 'LC Contract' screen:

- Their Reference Number for Party Types ABK, BEN, COB and ISB (in the 'Parties' tab)
- Issue Date (in the 'Main' tab)
- Expiry Date (in the 'Main' tab)
- LC Amount (in the 'Main' tab)
- Positive and Negative Tolerance (in the 'Main' tab)
- Additional Amount Covered message (in the 'Others' tab)
- Shipment From (in the 'Ship/Docs' tab)
- Shipment To (in the 'Ship/Docs' tab)
- Port of Loading (in the 'Ship/Docs' tab)
- Port of Discharge (in the 'Ship/Docs' tab)
- Latest date of shipment (in the 'Ship/Docs' tab)
- Shipment period (in the 'Ship/Docs' tab)
- Sender to receiver information (in the 'Parties' tab)

However, you can amend the above fields in the 'Amendment Confirmation' screen. This screen is explained in the following section.

8.3 Confirming LC Amendment

The option to amend these fields is also available in the 'Letters of Credit Amendment Confirmation Input' screen. However, the amendments will become effective only upon receiving the confirmation from the beneficiary.

You can invoke this screen by typing 'LCDAMEND' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. The screen will be displayed without any details, as shown below:

Click new icon in the toolbar of the screen or select 'New' from the Actions menu in the Application toolbar.

Contract Ref No

Select the reference number of the contract to be amended from the option list provided. This option list will display all contracts that are authorized.

Upon selection of the contract, the following details will be displayed in editable mode:

- Version Number
- Contract Amount - The amount that is availed under the LC
- Currency – The contract currency
- Issue Date - The date on which the LC is issued. You cannot specify a future date here
- Expiry Date - The date on which the LC is scheduled to expire
- Closure Date – This the date LC is scheduled to be closed. You can modify this particular value.
- Increase Decrease of LC Amount - A display field which indicates the amount of LC increased or decreased, as the case may be

- Additional Amounts Covered - This indicates the value to be carried in field 39C of the SWIFT messages MT700 and MT740
- Latest Shipment Date - The last date by which the shipment of the goods has to take place. This date should not be earlier than the Issue Date of the LC or later than the expiry date
- Shipment Period - The extension of the shipping period. You can enter the Shipment Period only if you have not specified the Latest Shipment Date
- Port of Loading – The port from where the goods transacted under the LC will be loaded
- Port of Discharge – The destination port to which the goods transacted under LC should be sent
- From Place - The place from where goods are to be dispatched or transported
- To Place - The final destination to which goods are to be transported/delivered
- Positive Tolerance % - The percentage that is to be added to the LC amount to arrive at the Maximum LC amount
- Negative Tolerance % - The percentage that should be subtracted from the LC amount
- Party details in the 'Parties' tab of the screen – You can amend 'Their Reference Number' and the 'Dated' fields values only.
- Free Format Text details in the 'FFT' tab of the screen

Make the necessary amendments. Save the changes. To save, click save icon in the toolbar of the screen or select 'Save' from the Actions menu.

The system will update the following details in the audit trail of the screen:

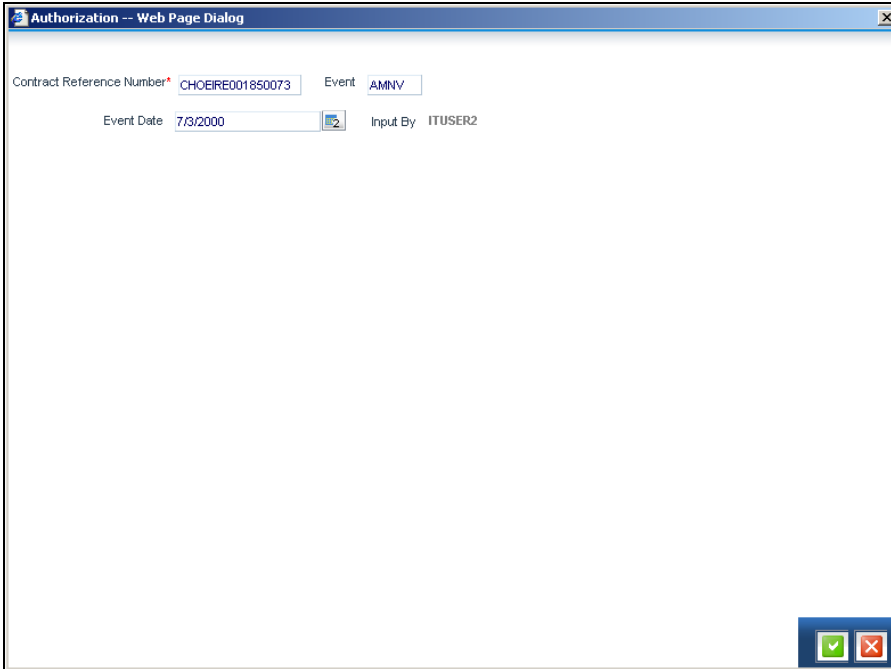
- Input By – Your login id
- Date Stamp – The date and time at which you saved the contract
- Amendment Status – The status will always be 'Unconfirmed'
- Auth Status – The status will always be 'Unauthorized'

For details on the amendable fields, refer the chapter 'Processing an LC contract' in this User Manual.

8.3.1 Authorizing Amendment Details

After you save the amendment details, you have to get it authorized by your supervisor. Follow the steps given below to authorize:

1. Click authorise icon in the toolbar of the screen or select 'Authorise' from the Actions menu. The following screen will be displayed:



2. Click 'OK' button to proceed. The system will seek a confirmation for generating the messages. Click 'OK' to proceed.
3. Click 'Cancel' button to return to the 'Amendment Confirmation' screen. The system will display a message to confirm successful authorization of the record. The audit trail of the screen will now display the following details:
 - Checker ID – Login id of the authorizer
 - Checker Dt Stamp - The date and time at which you authorized the contract
 - Auth Status – The status will updated to 'Authorized'

8.3.2 Confirming Amended Details

Once authorized, you will not be allowed to modify these details. The system will provide option for confirming or rejecting the amendment details. To confirm the details, do the following:

1. Click confirm icon in the toolbar of the screen or select 'Confirm' from the Actions menu. The system will display the following override message to proceed:

Do you want to confirm the record? OK to proceed.

2. Click 'OK' in the message window to proceed. The system will display the following message to confirm the confirmation:

The Record is successfully confirmed.

3. Click 'OK' in the message window and this takes you the LC contract online screen. The charges can be waived using this screen. Note that the 'Amnd Status' is updated to 'Confirmed' and the 'Auth Status' is updated to 'Unauthorized' (in the audit trail of the screen).

8.3.3 Amending details using the Contract screen

You can unlock the LC contract screen after clicking 'OK' in the message window above. The LC contract online screen is used for modifying details after confirmation of the amendment action. The system creates an amendment on the LC once the proposed amendment is confirmed. When this amendment is created the confirmation and amendment events are both left in an unauthorized state. This allows unlocking of the LC contract to make the necessary amendments.

Once the confirmation is saved on the amendment screen, the LC contract online screen is launched with the data modified, and this can be unlocked and modified, or closed as chosen by the user. These changes are directly made by launching the LC contract screen. However the amendment can only be deleted by using the amendment screen as described above.

The following LC contract screen is launched when the amendment is confirmed in the LC amendment confirmation input screen.

The screenshot shows the 'Letters Of Credit Contract Detailed -- Webpage Dialog' window. The interface includes a header with fields for Product Code (NLC), Contract Reference (CHOINLC082450021), Version No. (1 Of 1), Product Description (LC Issuance (Non Revolving)), Product Type (Import), User Reference (CHOINLC082450021), Source Reference (CHOINLC082450021), Operation Code (Open), and Source Code (FLEXCUBE). Below the header are tabs for Main, Preferences, Parties, Shipment, Documents, Tracers, and Advices. The main content area is divided into sections: LC Details (Currency: USD, Contract Amount: 2,000.00, Customer: 00002, Issue Date: 9/1/2008), Currency (Type: Straight, Mode: Sight Payment), Revolving Detail (Revolves in: 10, Units: 10, Frequency: 10), and Guarantee Details (Type of guarantee: ASDF). The bottom status bar shows Maker: NAGARAJFCJ, Date Time: 9/1/2008 20:30:32, Status: Active, and Authorization Status: Unauthorized.

The amendment cannot be deleted using the LC contract screen, and can only be deleted using the amendment screen as part of the confirmation. This is done by deleting the confirmation using the amendment screen.

Hence the process is carried out as follows:

1. The amendment is confirmed using the LC Credit Amendment confirmation screen. It is completed by clicking 'C' and saving the confirmation.

2. The LC contract screen is launched once the confirmation is saved. This screen contains the details of the amendments done in the confirmation input screen.
3. This screen is unlocked and the details are made available for modification. Subsystem details like charges and commission can be modified or waived as required.

During an auto authorization of Amendment Confirmation, the amendment created by this confirmation is also authorized

8.3.3.1 Authorizing Confirmation

Your supervisor now needs authorize the confirmation to view the changes made. The steps to authorize are given below:

1. After logging in, invoke the 'Amendment Confirmation' screen and navigate to the record that needs to be authorized.
2. Click authorise icon in the toolbar of the screen. The system will create a new version of the contract and display the details of the contract in the 'LC Contract' screen, as shown below.
3. After confirming the changes, click save icon in the toolbar of the screen to save the details.



You can delete the amendment if the 'Amnd Status' of the contract is 'Confirmed' but unauthorized.

8.3.4 Rejecting Amended Details

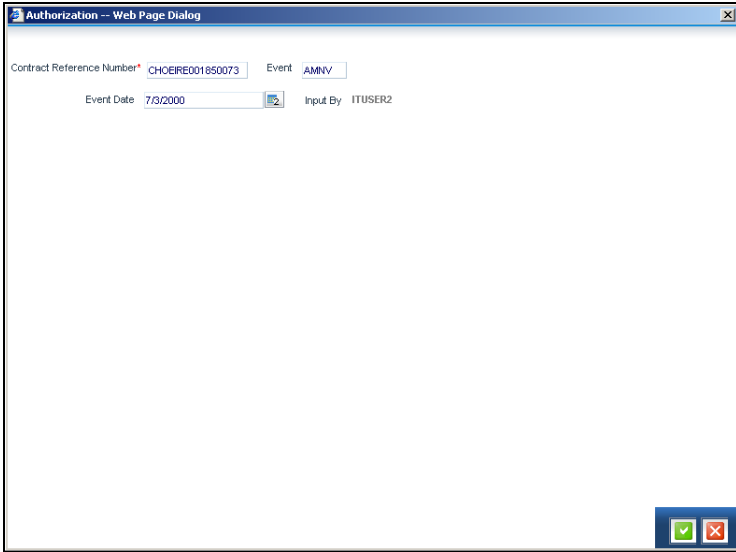
To reject the amendment details, do the following:

1. Click the close icon in the toolbar of the screen. The system will display the following message to confirm the rejection:
2. Are you sure you want to reject the current record?
3. Click 'OK' in the message window to return to the 'Amendment Confirmation' screen. The system will display a message to confirm successful rejection of the record.
4. The 'Amnd Status' will be updated to 'Rejected'.

8.3.4.1 Authorizing Rejection

Your supervisor now needs authorize the rejection. The steps to authorize are given below:

1. After logging in, invoke the 'Amendment Confirmation' screen and navigate to the record that needs to be authorized.
2. Click authorize icon in the toolbar of the screen or select 'Authorise' from the Actions menu. The system will display the following screen.



3. Click 'OK' icon to proceed. You will return to the 'Amendment Confirmation' screen and the system will display a message to confirm successful authorization of the record.
4. The 'Amnd Status' of the record will be 'Rejected' while the 'Auth Status' will be updated to 'Authorized'.



Note the following:

- If a contract is amended and confirmed, you can amend it again by creating a new amendment record in 'Amendment Confirmation' screen for already amended LC contracts.
- The system will not allow you to perform any operations on an LC pending confirmation or rejection.
- The amended details will take effect only after confirmation from the beneficiary.
- If the amendment is rejected, the system will retain the original or the last amended confirmed LC.

You can amend the same contract several times in 'Amendment Confirmation' screen as long as the amendment is not authorized.

8.4 Operations on Confirmation Record

In addition to the operations discussed above (Save, Authorize, Confirm), you can perform the following operations in the 'Amendment Confirmation' screen:

- New
- Delete
- Close
- Unlock

8.5 Uploading LC Amendment

While uploading an amendment, the system checks the user reference number in the contract with the external reference number of the incoming message. If a contract exists with the reference number and its status is 'Authorized' and 'Active', then the system will amend it provided the upload action is 'AMND'.

If upload action is 'NEW' and the external reference number exists, the system will display an error message. In case of contract amendment through STP of MT707, the following fields are updated:

- Expiry date (31E field)
- LC amount (34B field)
- Tolerance details(Negative and positive tolerance) (39A field)
- Liability amount (39B field)
- Additional amounts covered (39C field)
- Shipment from (44A field)
- Shipment to (44B field)
- Latest date of shipment (44C field)
- Shipment period(44D field)
- Issuing bank amendment date(30 field)

Once an amendment is uploaded, the event 'AMND' will be triggered on the LC contract in the system.

9. Transferring LC

9.1 Specifying LC Transfer Details

In Oracle FLEXCUBE, you can make transfers from an LC. A transferable LC is one where at the request of the beneficiary ('first beneficiary') the LC is made available in whole or in part to another beneficiary ('second beneficiary'). This is usually done where the first beneficiary is not the actual manufacturer of the goods and is sourcing it from others.

For an LC to be transferable, the LC must specifically state it to be transferable.

A transferred LC cannot be transferred at the request of a second beneficiary to any subsequent beneficiary. The first beneficiary is not considered to be a subsequent beneficiary i.e. an unutilized transferred LC can be transferred back to the first beneficiary only. This is new to UCP 600 and FCC has taken this into consideration.

You can invoke the 'Letters of Credit Transfer Input' screen by typing 'LCDTRANS' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

The screenshot shows the 'Letters of Credit Transfer Input' web page dialog. The form contains the following fields and controls:

- From Ref No ***: Text input field with a search icon.
- Expiry Date**: Date input field with a calendar icon.
- Transfer Amount**: Text input field.
- Goods Shipment Date**: Date input field with a calendar icon.
- Period For Presentation**: Text input field with a help icon.
- To Ref No**: Text input field.
- To User Ref No**: Text input field.
- Transfer Date**: Text input field.
- LC Available Amount**: Text input field.

Below the form are tabs for **Parties**, **Documents**, **Shipment**, and **Goods**. The **Parties** tab is active, showing a table with the following columns: Party Type, Party Id, Party Name, country, Mail, Language, Address1, Address2, Address3, and Address4. The table is currently empty.

At the bottom of the dialog are tabs for **Settlement**, **Charge**, **Events**, and **Fields**. The status bar at the very bottom displays: Input By: ELIZA3, Date Time, Authorized By, Date Time, Contract Status, and a checkbox for Authorized. A **Cancel** button is located in the bottom right corner.

While transferring funds from an LC, you need to note the following conditions:

- The transferred LC will always be of the same type as the old LC and will be created under the same product
- The charges applicable to the transfer should be associated with the event TRNF defined for the product
- You can only transfer an amount that is less than or equal to the amount available under the original LC
- An Import LC can be transferred only if the Applicant and Beneficiary are customers of your bank

Specify the following details in the 'Letters of Credit Transfer Input' screen.

From Ref No

Indicate the LC from which you want to effect the transfer. Click the adjoining option list and select a valid LC Reference. The manner in which Oracle FLEXCUBE handles a transfer is different for import and export LCs.

Refer to the title 'A note on transfers made from Import and Export LCs' for more details.

Transfer Amount

The transfer amount is the amount that should be transferred from the original LC. You can only transfer an amount that is less than or equal to the amount available under the original LC.

Expiry Date

The expiry date is the date up to which the transferred LC is valid. The expiry date of the original LC is defaulted. You can change the defaulted date. However, the expiry date cannot be earlier than the LC issue date or today's date.



In the case of an export LC, the expiry date can be earlier than today's date to cater to the late receipt of the LC. However in this case you will be prompted for an override.

Goods Shipment Date

The shipment date is the latest date by which the shipment of the goods specified for the transferred LC should take place. The latest shipment date of the original LC is defaulted. You can change the defaulted date. However, the date you enter should not be earlier than the Issue Date of the LC and later than the expiry date. If the latest shipping date that you specify for an LC falls on a holiday in the LC currency, you will be prompted for an override.

It is mandatory for you to enter the Shipment date if you are processing an Import LC.

Period For Presentation

The period of presentation defined for the product - or calculated for the LC, as the case may be - will be displayed. You can change the default to suit the LC you are processing.

To Ref No

Specify the reference number to which the LC should be transferred.

To User Ref No

Specify the user reference number to which the LC should be transferred.

Transfer Date

Specify the date of transfer.

LC Available Amount

The amount available on the chosen LC is displayed here.

9.1.1 Parties Tab

The 'Parties' tab can be used to record details related to the parties involved in the transfer. The documents, tracers and messages that are generated will be sent to all the parties concerned, based on the details you specify in this screen.

The screenshot shows a web application window titled "Letters of Credit Transfer Input -- Web Page Dialog". The window contains several input fields for transfer details: "From Ref No *", "Expiry Date", "Transfer Amount", "Goods Shipment Date", "Period For Presentation", "To Ref No", "To User Ref No", "Transfer Date", and "LC Available Amount". Below these fields are tabs for "Parties", "Documents", "Shipment", and "Goods". The "Parties" tab is selected, displaying a "PARTIES DETAILS" table with columns: Party Type, Party Id, Party Name, country, Mail, Language, Address1, Address2, Address3, Address4. At the bottom of the window, there are tabs for "Settlement", "Charge", "Events", and "Fields". The "Settlement" tab is active, showing "Input By: ELIZA3", "Date Time", "Authorized By", "Date Time", "Contract Status", and "Authorized". A "Cancel" button is located at the bottom right.

The Party Types that can be involved in the transfer of an LC are the advising Bank and the Beneficiary. You need to indicate the following details for a party type:

- The CIF ID assigned to the party, if the party is defined as a customer in Oracle FLEXCUBE
- The name of the party (It can be 150 characters in length. However, note that only 35 characters will be included in the SWIFT messages that you generate for the transfer)

- The country to which the party belongs
- The mailing address of the party

9.1.2 Documents Tab

Click 'Documents' tab and specify details of documents and clauses that should accompany the goods.

There are some standard documents required under a documentary LC. In this screen you can specify the documents that are required under the LC being processed. These details will be a part of the LC instrument sent to the advising bank, the advice through bank or the beneficiary.

Documents Details

All the documents specified for the product to which the LC is linked will be defaulted to this screen. The details specified for these documents such as the document type, description, the number of copies required, the number of copies issued, the clauses specified for the document are also defaulted from the product. You can edit the description of the document that is defaulted to suit the LC you are processing.

You can add to or delete from the list of documents that are defaulted. To add a document for the LC, click add icon. Type in or select the code of the appropriate document from the list of document codes maintained in the 'Documents Maintenance' screen. The other details of the document will be defaulted to this screen.

To delete a document that is not required for the LC, highlight the document code and click on the delete icon.

Clauses Details

The Clauses associated with the documents that you specified for the transfer are defaulted. When you highlight a document code, all the clauses defined for the document are displayed in the Clauses window. You can add to or delete from the list of clauses that are defaulted.

To add a clause to a document for the LC, click add icon. Specify a valid clause code or select the code of the applicable clause from the list of clause codes maintained, in the Clause Maintenance screen. The description of the clause will be defaulted, based on the clause code that you select.

To delete a clause that is not required for the LC, highlight the Clause code and click delete icon.

Specifying Shipping Details for an LC

There are certain standard clauses and conditions, associated with the shipment of the merchandise traded under an LC.

- The location from which the goods transacted under the LC should be shipped. In international trading parlance, this is called the Loading on board/Dispatch/Taking in charge at/from
- The destination to which the goods transacted under the LC should be sent In international trading parlance, this is called the For transportation to
- The latest date of shipment
- Besides these details, you can also specify shipping preferences like:
 - Should Trans-shipment be allowed under the LC
 - Should partial shipment of the goods be allowed under the LC
 - Shipping marks
 - Additional shipment details

Specifying Goods Details

The details of the merchandise that will be traded under the LC should be clearly specified. You have maintained various codes that have been allotted, for commodities normally traded in your country. Pick up the applicable code for the LC you are processing. The description of this code (which could be 6500 characters long), can be changed to suit the LC you are processing. You can also enter specifications such as the quality and quantity of the merchandise.

Description for a Pre-advice

If pre-advice is one of the advices for the transfer, you should enter the details of the LC briefly, as a pre-advice description. This will be a part of the pre-advice that is generated.

Typically, a pre-advice is sent by SWIFT or cable and contains brief details of the LC. This is followed by the LC instrument will contain all the details of the LC.

Specifying the Port of Loading and Discharge

You can specify the name of the airport from where the goods transacted under the LC are loaded for shipping. This is called the Port of Loading.

You can also specify the name of the destination port to which the goods transacted under LC should be sent. This is called the Port of Discharge.



You can amend the value of 'Port of Loading' and 'Port of Discharge' after authorization.

9.1.3 Note on Transfers made from Import and Export LCs

How Transfers from Import LCs are Processed

While transferring an import LC, the original LC is modified to include the additional details of the transferred LC. For instance, the new beneficiary and new advising are added to the existing list of parties.

In Oracle FLEXCUBE, the transfer made from an LC will be taken as a new event 'TRNF'. Availment made by the new beneficiary against the transferred LC will be tracked against the original LC.

How Transfers from Export LCs are Processed

In the case of an Export LC, a new LC will be opened for each transfer that you make from the original LC. The transfer amount will be taken as the new LC amount.

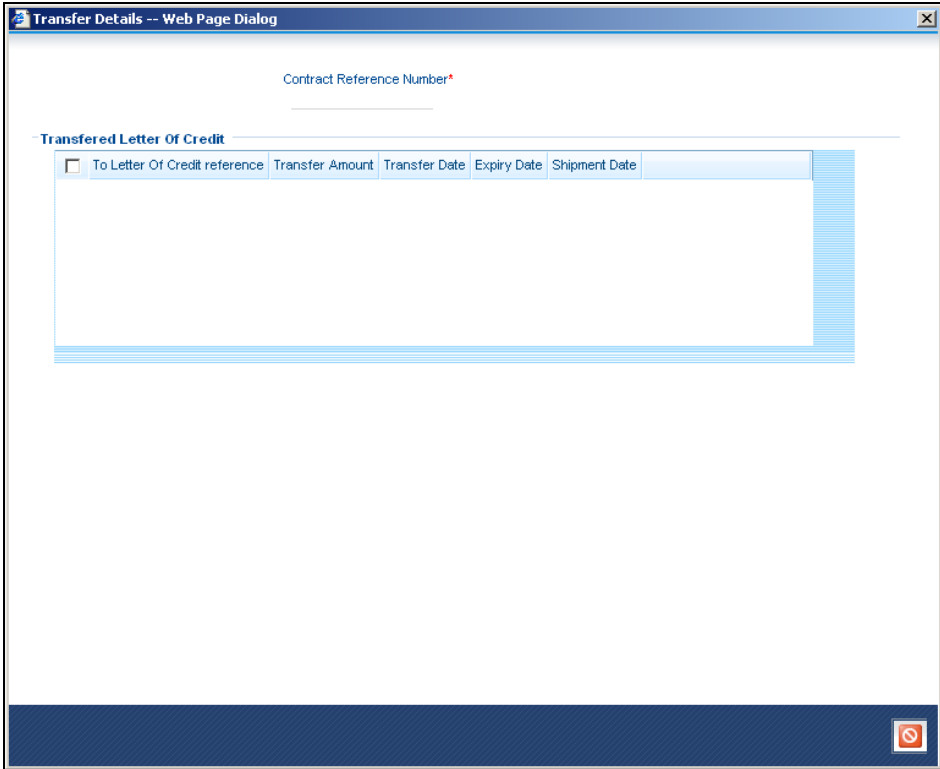
On authorizing the transfer,

- an availment to the tune of the transferred amount is made against the original LC i.e. the outstanding amount of the Original LC will be reduced by the transfer amount
- a new LC is created based on the transfer details that you specified

The transferred LC will be separated from the original LC. Availment made from the new LC will not affect the outstanding of the Original LC.

9.1.4 Viewing Details of Transfers made to the LC


Click 'Transfer Details' button from the LC Contract screen to view details of the transfers that were made from the LC.



The following transfer details are displayed:

- The LC from which you are transferring funds
- The transfer amount
- The transfer date
- The expiry date
- The shipment date

Click 'Exit' button to exit the screen. You will return to the 'LC Contract' screen.

 Although you can initiate the transfer of an LC to more than one secondary beneficiary on behalf of the primary/original beneficiary, a secondary beneficiary can only transfer it back to the original beneficiary. The system will display an error message if a secondary beneficiary initiates a transfer with 'Party ID' different from that of the original beneficiary.

10. Liquidation of Receivable Components of LC

10.1 Introduction

Whenever you have to collect a component (typically for a commission or charge, or under certain circumstances the availment amount or the collateral amount), you debit it from the customer's account. On some occasions, you may have to debit it from an internal receivable GL, to be debited from the customer account at a later date.

The debiting of the receivable account happens at the event for which the commission or charge has to be collected (issue of an LC, amendment of an LC, availment against an LC, etc.). When the customer account has to be debited at a later date, you have to perform, what is termed as receivable liquidation. There are two related functions associated with liquidation:

- A batch process that reverses the liquidated receivable components, for a contract that is reversed during the day (the LQ EOTI function)
- A batch process that generates the charge and commission claim advice to the party on behalf of whom a charge or commission was debited, from a receivable account during the day (the LQ EOD function)

10.1.1 Invoking Receivable Liquidation Screen

From the Application Browser, select 'Liquidation' and 'Detailed' under it. The 'Receivable Liquidation Input' screen will be displayed. You can also invoke this screen by typing 'LQDDLIQ' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

The screenshot shows a web-based form titled "Receivable Liquidation Input -- Web Page Dialog". The form is organized into several sections:

- Contract Reference:** Fields for Number, Event Code, Book on, Event Description, and Module.
- Navigation:** Tabs for "Liquidation", "Advice", and "Tracer".
- Liquidation Details:** Fields for Liquidation Ref No, Component, Value Date, Customer, and Party Type. A "Default" button is located below the Party Type field.
- Receivable Information:** Fields for Receivable A/C Code, Receive Branch, Receivable A/C Currency, Amount, Debit Account, Branch, Currency, Transaction Code, and Exchange Rate.
- Summary:** Fields for Liquidated Amount, Description, and Charge-Claim Advice Date. A "RECALC" button is located below the Description field.
- Events Table:** A table with columns: Input By, Date Time, Authorized By, Date Time, Contract Status, and Authorized.
- Footer:** An "Exit" button in the bottom right corner.

Liquidate the components of an LC that have been put in a receivable account Reverse the liquidation of a receivable component

10.1.2 Liquidating Receivable Components of LC

Once you enter the reference number of the LC in the Receivable Liquidation screen, the system automatically assigns a unique liquidation reference number to the component you are liquidating. Besides this, the following details of the LC are picked up and displayed:

- The counterparty (customer) code
- The Value Date of the LC
- The account to which the liquidated amount should be credited
- The currency of the receivable account
- The branch to which the account belongs
- The total outstanding amount for the component as of the value date (the date on which the payment is being made)
- Details of the tracers that were generated thus far for the outstanding component
- The Status of the LC

You can specify the following details for the Liquidation:

- The account that should be debited for the liquidation amount
- The branch to which the account belongs
- The currency of the account
- If the component currency and the currency of the account to be debited for the liquidated amount are different, you can indicate the exchange rate to be used in the conversion. By default, the exchange rate specified for the product under which the LC is processed, will be displayed. You can change this and the changed rate should be within the variance limit specified for the product.

The outstanding components of an LC are displayed for each event. To liquidate an outstanding component, choose 'Liquidate' from the Processing submenu of the Actions menu or click 'Liquidate' icon on the toolbar.

After the liquidation of an outstanding component, if there are other outstanding components for the event, the system will inform you of them and prompt you to liquidate them as well.

10.1.3 Specifying Details of Advices for Liquidation

The advices that can be generated for the events that occur during the life cycle of an LC, are defined for the product involved in the LC. In this screen you can specify the advices that should be generated to the parties concerned, indicating that you have liquidated a receivable component of the LC.

The details of two advices are shown in this screen:

- Charge Claim Advice
- Debit Advice

The Charge Claim Advice will, be generated at EOD, on the day the receivable account is debited. This is the event for which a charge is attached or a commission liquidation event (Event Code CLIQ). Its details whether it was suppressed during the event, the medium through which it was transmitted and the date on which it was generated will be displayed. This is for information purposes only.

The Debit Advice is generated when the receivable components of the LC are liquidated. You can suppress the generation of the advice or change the media and priority when you are processing the liquidation.

Suppressing the Generation of an Advice

By default, all the advices defined for the product involved in the LC will be generated. If you do not want to generate a specific advice, you can suppress its generation by indicating so.

Priority

Priority applies to the advices that need to be sent, through media like S.W.I.F.T. or TELEX. By default, the priority of all advices is marked as normal. Advices can be prioritized to one of the following options:

- Normal
- Medium
- High

Indicating the Medium for Generation

It is mandatory to also specify the medium through which an advice is to be transmitted. An advice can be transmitted through Telex, Mail, S.W.I.F.T or any other media that you have defined in your branch. You can select the appropriate medium code from the picklist.

In addition, the details for the Charge Commission Tracer are also displayed. This tracer is generated after the event has taken place till the component is liquidated. These details are for information only. They are defaulted from the product under which an LC is processed.

10.1.3.1 Accounting Entries passed during Account Receivable Liquidation

Example

Your customer, Mr. Sam Brown has requested you to issue an LC on 01, Jan'98. You have debited a receivable account since Mr. Brown's account does not have the necessary balance to pay the commission.

On 30, Jan'98 Mr. Brown pays the commission that was due on 01, Jan'98. When you liquidate the commission component of the LC you will have to debit Mr. Brown's account and credit your debited receivable account.

The accounting entries passed on 01, Jan'98 (the date commission was due)

Dr	Commission Receivable Account
Cr	Income Account

On Liquidation the following entries are passed:

Dr	Mr. Sam Brown's account
Cr	Commission Income account

10.1.4 Reversing Liquidation Entries

You can reverse the authorised accounting entries that were passed, when you liquidated a receivable outstanding component of an LC.

You can reverse the accounting entries, passed for the liquidation of an outstanding component of an LC, through the Receivable Liquidation screen. Specify the Contract Reference Number of the LC. All the outstanding components of an LC that were paid from a receivable account will be displayed. Query the component whose liquidation entries you want to reverse. Choose Reverse from the Processing sub-menu of the Actions Menu or click 'Roll-over' icon on the tool bar.

The system will prompt you to indicate whether you want to reverse the liquidation entries passed for the outstanding component or make the component outstanding again.

If you indicate that the entries should be reversed, the accounting entries that were passed earlier will be reversed. However, you will not be able to liquidate the component at a future date.

If you indicate that the component should be made outstanding, the accounting entries that were passed earlier will be reversed and the component will become outstanding again. The component can be liquidated later on.

10.1.5 End of Day Processing for Receivable Components

The following End of Day processing is done for receivable components:

- A batch process that reverses, the liquidated receivable components, for a contract that is reversed during the day (the LQ EOTI function). This function should be defined as a mandatory program in the pre-EOC stage.
- A batch process that generates the charge and commission claim advice to the party on behalf of whom a charge or commission was debited, from a receivable account during the day (the LQ EOD function). This function should be defined as a mandatory program in the EOC stage.

10.1.6 LQ EOTI Function

There are some occasions when you have to reverse a contract on which a receivable component has been liquidated. The following is an example:

Example

You issue an LC for Gem Granites on 01 January 1998, for which the charges and commission was debited from a receivable account. On 05 January 1998, you liquidate the commission from the customer's account.

Thereafter, say on 07 January 1998, you reverse the LC. All the entries for the LC that were passed when the LC was stored (including the entries passed into the receivable account) will be reversed. However, the entries that were passed to liquidate the commission from the customer's account (which was subsequently done through the liquidation function) will not be reversed. This entry will be reversed by the LQ EOTI of 07 January 1998.

10.1.7 LQ EOD Function

A charge claim advice informs the concerned party, about a component that is outstanding against them. This advice will be generated on the day an LC is booked or when any subsequent amendment for the LC is stored and authorized. The generation of this advice is done by the LQ EOD function. The advices are put in the Outgoing Messaging Browser by this function. You should generate them from the browser.

10.1.8 Report on Outstanding Items

This report lists all the outstanding items (including both commissions and charges), which have been debited to a GL account, which is normally the accounts receivable ledger and are marked as outstanding.

10.1.9 Invoking this Report

This report is available in the Application Browser under LQ (indicating liquidation).

10.1.10 Contents of Report

The report is sorted on the basis of currency and listed in the serial order of the receivable account, under the currency.

As the sequence of this report is by the receivable account, an LC may be reported in more than one place. i.e., different charges and commission items for the same LC were booked to different general ledgers.

This report highlights the details for the collection or the payment of the outstanding amount, so that the required action may be taken.

The report contains the following information:

Fields	Description
Party CIF ID	This is the ID assigned to the customer in the Customer Information File (CIF) of the Core Services module of Oracle FLEXCUBE.
Party Name	<p>The short name of the Customer maintained in LC will be printed.</p> <p>For all credits which have been opened at your branch, the name of the applicant is printed here.</p> <p>For those credits which have been advised or confirmed (i.e., the original operation was advise, advise and confirm, or confirm) the name of the beneficiary bank is printed at this field.</p>

Fields	Description
Party Type	This is the party type assigned to the customer, in the Parties screen.
Ac CCY	This is the currency of the outstanding component.
Module	This is the module to which the outstanding component belongs. It could be LC for Letters of Credit or BC for Bills and Collections.
Contract Ref No	This is the reference number of the contract whose outstanding components are due.
Event Code	This is the event for which the outstanding component should have been paid.
Booking Date	This is the date on which the event took place, when the component was booked to a receivable account.
Receivable Ac Code	This is the receivable GL that has been debited for the component.
Ac Branch	This is the account to which the receivable account belongs.
Amount	This is the amount of the outstanding component that is to be received from the customer.
Value Date	The Value Date of the transaction that involved the component being put in the receivable account.
Amount Tag	The Amount Tag of the component that was involved in the transaction.
Description	This is the name given to the component. It could be Issue Commission, Amendment SWIFT charge, etc.

11. Credit Limit Tracking for LC

11.1 Introduction

When you issue an import LC or advise and confirm an export LC, you would track your liability against the party on behalf of whom you are undertaking a liability. For an import LC, you would track the exposure against the applicant while for an export LC that you confirm, you would do so for the issuing bank.

In Oracle FLEXCUBE, credit limit tracking is done using credit lines allotted to a customer. The credit line allotted to the party against whom you want to track your liability, should be indicated while you capture the details of an LC. In the case of an amendment, from advise of an export LC to advise and confirm, you can indicate the credit line during the amendment also.

You can specify Central Liability details for an LC, in the 'LC Contract Party details' screen. To invoke this screen, you have to click on the 'Parties' tab from the 'Contract Main' screen.

The amount that is tracked will be the LC Liability Amount. It is arrived at as follows:

Liability Amount = Maximum LC Amount + Liability % of the LC amount

In the case of an LC revolving in time, the liability amount will be calculated taking into account all the scheduled reinstatements.

11.1.1 Specifying Whether Limit Tracking is Required

Every credit-seeking customer of your bank is assigned a credit limit under a Credit Line.

Check against the credit limit tracking option, to indicate that the LC liability amount should be tracked against the credit limit assigned to the customer. Leave it unchecked to indicate you do not wish to track the LC liability amount against the credit limit assigned to any of the parties involved in the LC.

Specifying the Party against whom Credit should be Tracked

You would have already captured the details about the different parties involved in the LC. For each party type (APP, ABK, ISB, etc.), you would have specified the details of the party.

While specifying credit limit tracking details, you have to just indicate the party type against whom you want to track the credit limit. The party details are picked up by default.

The CIF ID of the Party

When you specify a party type against whose credit limits you wish to track the LC amount the CIF ID assigned to the party is automatically picked up and displayed.

11.1.1.1 Specifying Limit Tracking Tenor

While maintaining the preferences for the contract, you can specify whether you want to track the limits based on LC tenor or the Max Draft tenor (Usance period). For this you need to indicate your preference by selecting the appropriate checkbox.



The credit lines are displayed depending upon the preferences specified at the time of creating the line. E.g. Products allowed, branch allowed etc.

For all the contracts, you can change your preference for limits tracking before or after authorization. However every time you change the tenor type you need to select a credit line again. Subsequently, tracking will be done for the new tenor and credit line.

11.1.1.2 Indicating Credit Line under which the Liability Amount should be Tracked

You have to specify the credit line of the party against which the LC liability amount has to be tracked.

If more than one credit line has been defined for the party, only those credit lines whose restrictions are in line with that of the LC will be displayed. The restrictions could be one of the following:

- Tenor
- Product
- Branch
- Currency

In addition, the expiry date of the line should be before the Issue Date of the LC.



When you enter an LC for a customer, and choose a line, the cash collateral percentage defined for the customer and line will default. If you have not defined the cash collateral percentage for a customer and a line, the cash collateral percent defined for the product will default to the LC Contract. You can change this default value to suit the LC you are processing.

12. Automatic Processes

12.1 Introduction

The following processes relating to the LC Module can be made automatic:

- Automatic closure
- Automatic calculation of periodic commission
- Automatic liquidation of periodic commission
- Automatic reinstatement of the LC amount
- Automatic accrual of commissions
- Generation of tracers
- Closure of open insurance policies

The events that are to take place automatically are triggered off during the Batch Process. The batch process is an automatic function, run as a mandatory Beginning of Day (BOD) and End of Day (EOD) process. During EOD, the batch process should be run after End of Transaction Input (EOTI) has been marked for the day, but before End of Financial Input (EOFI) has been marked for the day. The tracer generation function should be run after end-of-financial-input (EOFI) has been marked for the day.



You should maintain the LC EOD function as a mandatory batch process, once as a BOD and the next as a Pre-EOC program. It is maintained in the EOC mandatory programs table of the Core Services module. The tracer generation function should also be defined as a mandatory EOD function.

The contracts that will be processed by the batch processes depend on the definition in the Branch Parameters screen.

12.2 Maintaining Branch Parameters

A set of rules that govern the LCs processed through the LC module, in a particular branch of your bank, is defined in the 'Branch Parameters' screen.

From the Application Browser, choose 'Letters Of Credit' and 'Branch Parameters' under it. You can also invoke this screen by typing 'LCDBRPRM' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. Then, the 'Letters of Credit - Branch Parameters' screen will be displayed.

The events, for which you had indicated automatic processing, are triggered off during the Batch Process. You can specify preferences for the automatic events that fall on a holiday, in the Branch Parameters screen. In addition, you can also specify the level at which accrual entries should be passed, for LCs in your branch.

Specifying Preferences for the Automatic Processing of LCs

You have the option to specify, that the batch process should process automatic events falling due on a holiday should.

The same can be processed on either of the following ways:

- Next Working Day - 1
- Upto System Date

If you indicate that the processing has to be done upto the Next Working Day - 1, all the automatic events falling due on the holiday will be processed by the batch process, as part of the EOD on the last working day, before the holiday.

If you indicate that processing has to be done only upto the System Date, then only the events scheduled for today (the last working day before the holiday) will be processed. The events falling due on the holiday are processed by the batch process, as part of the BOD process, the first working day after the holiday.

Example

The current branch date is 20 March 1998. On 21 March 1998, which is a holiday, the following automatic events fall due:

- The automatic closure of an LC
- Automatic reinstatement of the LC amount
- Automatic accrual of commission and charges

Next working day - 1

If you specify that the processing should be done on the last working day - 1, the above events will be processed on March 20, as part of the batch process run at End of Day.

System date

If you specify that the processing should be done only upto the system date, then the events scheduled for 21 March 1998, will be processed as part of the Batch Process run as part of Beginning of Day on 22 March 1998.

Indicating whether User Reference Number should be Displayed in the Advices Generated

If you wish to display the user reference number in the advices that are generated for a contract, select the 'Use user reference no in messages' option. All the advices generated at your branch will display the appropriate user reference number.



You can specify a format for the generation of the User Reference Number in the 'Sequence Generation' screen available in the Application Browser. Refer to the Core Services User Manual for details on maintaining a sequence format.

Specifying the Level at which Accrual Entries should be Passed

At the time of creating a product, you have specified

- Whether accrual of Commission is allowed for the product
- The frequency with which the accrual entries should be passed
- The accounting entries that should be passed for the accrual event

An LC will inherit the accrual frequency defined for the product under which it is processed.

In the Branch Parameters screen, you indicate the level at which the accrual entries have to be passed. The level can be:

- Product
- Contract

If you indicate that automatic accrual should be done at the product level, a single entry for all the LCs, for which commission was accrued automatically, will be passed. This helps reduce the time taken to pass individual entries. If you indicate that the automatic commission accrual process should pass accrual entries at the contract level, accrual entries will be passed for each LC for which commission was accrued automatically.

Example

You have created a product - INL1 to cater to incoming LCs. The product has the following characteristics:

- Commission is collected in advance.
- Commission has to be accrued every month.

The accounting entries during commission accrual (defined for the event ACCR) are:

Accounting Role	Accounting Head	Amount Item	Dr/Cr
COMMISSION_RIA	COMLI01	Commission	Dr
COMMISSION_INC	COMINC01	Commission	Cr

You have entered the following contracts using the product INL1:

Contract	Tenor	Commission	1st accrual amount
Contract 1	3 months	US \$300	\$100.00
Contract 2	6 months	US \$500	\$83.33
Contract3	12 months	US \$1000	\$83.33

The accounts into which the accrual entries should be passed for each of these contracts are the same as they are linked to the same product.

Accrual entries level - Product

If you indicate that the automatic commission accrual process should pass accrual entries at the product level, a single accrual entry of US 266.66, for all the LCs will be passed.

Accrual entries level - Contract

If you indicate that the automatic commission accrual process should pass accrual entries at the contract level, three accounting entries will be passed.

The Accrual Control List will give you the details of the accruals done for every contract, even if the entries were passed at the product level. Thus, you will have the information about the amount accrued for each contract.

Specifying the Discrepancy Notice Period

Discrepancies are likely to be found while processing Incoming or Outgoing bills under LCs. You can specify a period within which the discrepancy details should be added to the bills. This period will be calculated from the date of presentation of the bills (which is typically the booking date of the bill) to the issuing bank/confirming bank.

The system will display an override if the discrepancies are added to the bills (in the 'Bills – Contract Details' screen) after the discrepancy notice period.

For details on processing a bills contract, refer the 'Processing Bills' chapter of the BC (Bills and Collections) User Manual.

12.2.1 Invoking LC Batch Process

Batches are run automatically. In the mandatory programs, all batches whichever are required will be maintained in sequence and that is triggered automatically as based on the maintenance in the 'Mandatory Batch Program Maintenance' screen.

To invoke this screen from the Application Browser, select 'Batch Operations', then select 'Detailed' option under 'Mandatory Programs'. You can also invoke this screen by typing 'EIDMANPR' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

The screenshot shows a web page dialog titled "Mandatory Batch Program Maintenance -- Web Page Dialog". The form contains the following elements:

- Branch ***: CHO
- Module ***: [Empty]
- Function Identification ***: [Empty]
- Description**: [Empty]
- Sequence Number**: [Empty]
- End Of Cycle Group ***:
 - Transaction Input
 - End Of Transaction Input
 - End Of Financial Input
 - End Of Day
 - Beginning Of Day
- Error Handling**:
 - Stop Automatic End Of Day and Run Emergency Program
 - Continue with Automatic End Of Day
- Frequency**: Daily
- Holiday Rule**: Dont Execute
- Number Of Days**: [Empty]
- Run Date**: [Empty]

A "Predecessors" list is located below the main form, containing one entry: "Predecessors *".

At the bottom, a "Fields" section displays:

- Input By: ELIZA3
- Date Time: [Empty]
- Modification Number: [Empty]
- Open
- Authorized By: [Empty]
- Date Time: [Empty]
- Authorized

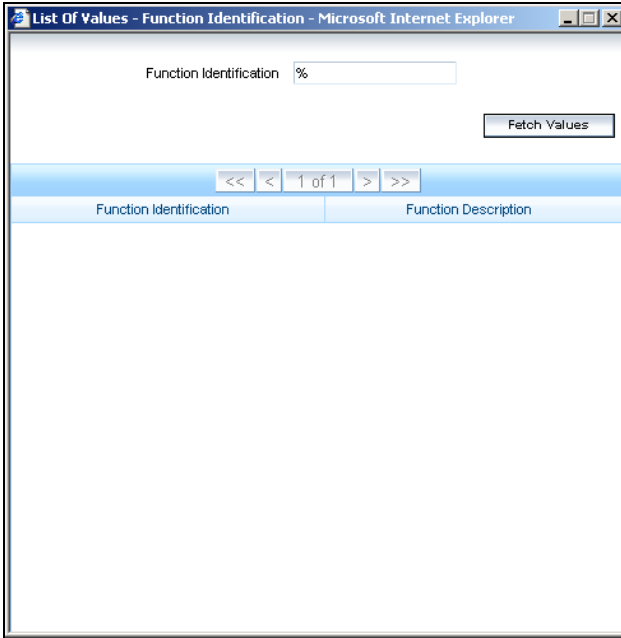
A "Cancel" button is located in the bottom right corner.

Module

Choose the module code from the adjoining option list.

Function Identification

Choose the function ID of batch that you wish to run. The adjoining option list displays all batch processes available for the module.



Select the appropriate one. You can configure the batch to be run at various stages of day like EOD, EOTI etc.

For further details about this screen, refer the chapter 'Setting- up Mandatory Programs for EOD' in the AEOD User Manual.

12.2.2 Automatic Events Executed During Beginning of Day (BOD)

The Batch program when run as part of BOD processes the following events:

- Automatic liquidation of periodic commissions
- Automatic Reinstatement of an LC
- Calculation of periodic commission

12.2.3 Automatic Liquidation of Periodic Commission

The periodic commission components of an LC will be automatically liquidated, if the commission components fall due on or before the current system date. As a part of BOD, this function liquidates the commission components of the LC contracts, whose commission liquidation date is between the last working date and the current processing date.

The commission components that are liquidated by this function are posted to the accounts specified, in the settlements screen of the LC. This may be a customer's account or a receivable account. On liquidation of the commission components of an LC by the function:

- The necessary tax related entries associated with the liquidation will be passed
- The necessary debit advices will be generated
- The relevant accounting entries will be passed. Typically they would be

If collected in arrears:

Role	Role Description	Amount Tag	Dr/ Cr
COMM_CUST_ACC	Customer account	Commission	Dr
CENC	Commission Earned Not Collected	Commission	Cr

If collected in advance:

Role	Role Description	Amount Tag	Dr/ Cr
COMM_CUST_ACC	Customer account	Accrual amount	Dr
COMM_RIA	Commission Received in Advance	Accrual amount	Cr

As a part of EOD, this function liquidates the commission components of all the LC contracts, for which commission liquidation date falls between the current processing date and the next working date.

If the next working day happens to fall in the next month, this function will pick up only those contracts whose commission liquidation date, falls within the current processing month.

The following reports will be generated when the commission components of the LC, are automatically liquidated:

- An activity report, which lists the contracts whose commission components were liquidated
- A report on the exceptions that were encountered during the liquidation of the commission components like account closed, no funds in the account, etc.

12.2.4 Automatic Reinstatement of LC

All LC contracts, for which you had specified automatic reinstatement, will be reinstated when the batch process for the day, is run as part of BOD.

The revolving details specified for the LC, in the Contract Main screen, are used to reinstate the contracts. The reinstatement is done subject to the Maximum Liability and the Maximum LC Amount allowed for the contract. The unutilized credit is removed from the contingent entries for non-cumulative LCs.

For LCs that revolve in time, the LC Amount and the Maximum Liability Amount is reset based on the frequency of reinstatement (the value of frequency can be either Days or Months depending on the 'Units' you specify for the contract). In the case of an LC, which revolves in value, the LC amount is reset when the current availability under the LC is reduced to zero. Thus, the reinstatement for LCs which revolve in value is done during beginning of day on the next day. It is done after the availment that makes the current availability to zero is made.

When LCs are automatically reinstated, the necessary accounting entries and advices specified for the event code REIN (reinstatement), will be passed automatically.

As a part of the BOD process, this function reinstates all the revolving LCs (specified with automatic reinstatement), which needs to be reinstated. This is determined by two factors:

- Whether the LC revolves in time and the next revolving date is less than or equal to the current date or
- The LC revolves in value and the unavailed amount under the LC, is reduced to zero by the availments that were made.

During EOD, the auto reinstatements scheduled for the next day will be done under the following conditions:

- The next day is a holiday
- You have specified in the Branch Parameters table, that events scheduled for a holiday should be processed, on the working day before the holiday. If the next working day happens to fall in the next month, this function will pick up only LCs that has their next revolving date within the same month. The processing for such LCs will be done during BOD on the next working day.

All contracts that were automatically reinstated on a day, will appear in the Activity Report for the day. The exceptions encountered during the reinstatement i.e. the contracts, which should have got reinstated, but were not, will figure in the Exception Report.

12.2.5 Processes Run during End of Day (EOD)

The Batch program when run as part of EOD processes the following events:

- Automatic closure of contracts
- Automatic accrual of commissions

12.2.6 Automatic Closure of LC

All LC contracts for which you had specified automatic closure and which are due for closure as of today, will be automatically closed when the batch processes for the day is run. The accounting entries specified for the closure will be passed.

If an LC is linked to an open insurance policy for which the option 'Update utilization Automatically' is checked, then on this date, the system will decrease the utilization on the policy with the LC amount.

12.2.7 Automatic Accrual of Commission

When the batch process is run as part of EOD, the commission components of the active (authorized and not yet liquidated) LC contracts will be accrued. Accrual is usually performed from the last liquidation date to the current date. Since commission is calculated for rounded periods, the final accrual on the expiry date will be for the full rounded period.

When the accrual is done, the relevant accounting entries for the accrued components will be passed. The internal accounts will be updated with the accrual related details.

Typical accounting entries that are passed include:

If collected in arrears

Role	Role description	Role Type	Amount Tag	Dr/ Cr
CENC	Commission earned not collected.	Asset	Accrual amount	Dr
COMM_INC	Commission earned	P&L	Accrual amount	Cr

If Collected in Advance

Role	Role description	Role Type	Amount Tag	Dr/ Cr
COMM_RIA	Commission received in advance.	Asset	Accrual amount	Dr
COMM_INC	Commission earned	P&L	Accrual amount	Cr

The level at which accrual entries are passed depends on your definition of branch parameters. To recall, the accrual entries can be configured to be passed either at the contract level or the product level.

Either way, the details of accruals for each contract will be available in the Accrual Control List. The details of this report, the procedure for generation and the contents are discussed in the chapter on Reports.

12.2.8 Memo Accrual of Commission

The memo accrual function does not generate any accounting entries nor does it mark the contracts as accrued. It only computes the accrual amount as it would be computed for a regular accrual and reports the accrued figures, without updating the accrual and P&L accounts. The commission accrued by the function, is reported in the Memo Accrual Control report. The content of this report is the same as that of the Accrual Control report.

12.2.9 Accrual Control Report

The accrual control report lists the LCs for which accrual entries were passed as of the current date.

12.2.10 Selection Options

You can configure this report to be triggered automatically, as part of the batch processes run at EOD. The report can also be generated at any time in the day from the Reports menu. If the report is generated as part of EOD, the report will by default list the details of the accruals that were made, as of the last accrual date.

If you generate the report from the Reports menu, you can indicate the date for which, you want details of LCs for which commission was accrued. You can also indicate the type of accrual for which you want details. The options available are:

Actual

The actual accrual report will contain details of the actual accrual entries that were passed as of the date you have indicated.

Memo

The memo accrual report just gives the details of the accruals due to an LC, as of a particular date. This will be a projected figure, without the actual accounting entries for accruals being passed. The memo accrual control report can be generated only after you run the memo accrual function.

12.2.11 Contents of Report

The report options that you select while generating the report are printed at the beginning of the report. The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the user who generated the report, the branch code, the date and time and the page number of the report.

Body of the Report

The report contains the following details:

Fields	Description
Contract Ref No	This is the reference number of the LC to which the accrual details are related.
Component	This is the commission component that has been accrued.
CCY	This is the currency of the commission component.
Current accrued amount	This is the amount that was accrued for the component, on the last accrual date.
Amount accrued to date accrued amount	This is the total amount that has been accrued, for the component, till date.

12.2.12 Generating Tracers

For an LC, the following types of tracers can be generated:

- The acknowledgment tracer (sent to the advising bank when an import LC is issued and an acknowledgment is sought)
- The charge-commission tracer (sent to the party who has to bear the commission or charges for an LC that has been processed, pending the payment of the charge or commission)
- The confirmation tracer (sent to the confirming bank, seeking a letter of confirmation)

These tracers are generated at a frequency, specified for the LC. On the day they have to be generated, the EOD processing: Tracer generation function will generate them. This function should be run after the End of Financial Input (EOFI) has been marked for the day.

12.2.13 Executing Tracer Generation Function

This function should be run after the end-of-financial-input (EOFI) has been marked for the day. After the successful completion of the function, the tracers will be put in the ungenerated directory of the Outgoing Message Browser. You should generate them from there.

12.2.14 Straight Through Processing of SWIFT Messages

Oracle FLEXCUBE supports Straight through Processing (STP) of the following messages:

- MT710
- MT707
- MT730
- MT740
- MT742
- MT768

12.2.15 STP of MT710 - Advise of Third Bank's Documentary Credit

The MT710 is sent by the 'Advising Bank' that has received a documentary credit (MT700) from the 'Issuing Bank'. The message is sent to the 'Advise thru Bank' (bank advising the beneficiary) and is used to advise the receiver about the terms and conditions of a documentary credit.

You can upload the incoming MT710 as export LCs in Oracle FLEXCUBE. The following table lists the mapping that should exist between the SWIFT tags in MT710 and the fields in the LC Contract screen:

Status	Tag value	Description	Oracle FLEXCUBE field value	Remarks
M	27	Sequence of Total		This field identifies whether MT711 is sent as part of MT710.
M	40B	Form of Documentary Credit	Transferable	The different tag values for this field and the corresponding FCC field value is given in 'Table A'.
M	20	Senders Reference	Their Reference for party 'ABK'	
M	21	Documentary Credit Number	Their Reference for party 'ISB'	

Status	Tag value	Description	Oracle FLEXCUBE field value	Remarks
M	31C	Date of issue	Issue date and effective date	
M	31D	Date and place of expiry	Expiry date and Expiry place	
M	52A or D	Issuing bank	Party details of ISB	The party details will be fetched using BIC code if 52A is present else the party details needs to be fetched using D to A converter. In case counterparty is not found then 'Walk-in customer' will be used.
O	51A or D	Applicant bank	Party details of APB	The party details will be fetched using BIC code if 51A is present else the party details needs to be fetched using D to A converter. In case counterparty is not found then 'Walk-in customer' will be used.
M	50	Applicant	Party details of APP	The party details will be fetched using Name of the party. In case counterparty is not found, then 'Walk-in customer' will be used.
M	59	Beneficiary	Party details of 'BEN' and customer details in Main screen	The party details will to be fetched using Name of the party. In case counterparty is not found then 'Walk-in customer' will be used.
M	32B	Currency code and amount	LC currency and LC amount	-
O	39A	Percentage Credit Amount Tolerance	About clause, positive and negative tolerance	If not present then about clause should be 'None'. If present, the about clause should be 'About' with positive and negative tolerance
O	39B	Maximum Credit Amount	Liability amount	-
O	39C	Additional	Additional amounts	-

Status	Tag value	Description	Oracle FLEXCUBE field value	Remarks
		Amounts Covered	covered in the 'Others' tab	
M	41A or D	Available with...by...	Credit details of LC (Type, mode and available with)	For details, refer 'Table B' below.
O	42C	Draft at	Credit details	-
O	42A	Drawee	Credit details	-
O	42M	Mixed Payment Details	Credit details	-
O	42P	Deferred Payment Details	Credit details	-
O	43P	Partial Shipments	Partial shipment allowed	If the tag value is 'ALLOWED', Partial Shipment will be 'Y'. For any other value of the tag, it will be 'N'.
O	43T	Transshipment	Trans Shipment allowed	If the tag value is 'ALLOWED', FCC value will be 'Y'. For any other value of the tag, it will be 'N'.
O	44A	Loading on board/dispatch	Shipment From	-
O	44B	For Transportation To	Shipment To	-
O	44C	Latest Shipment Date	Latest Shipment Date	-
O	44D	Shipment Period	Shipment Period	-
O	45A	Description of Goods and Services	Goods Description	-
O	46A	Documents Required	Document Details	-
O	47A	Additional Conditions	FFT Information	Tag 47A will be uploaded as FFT with FFT code as

Status	Tag value	Description	Oracle FLEXCUBE field value	Remarks
				'UPLD_COND' and message type as 'ADV_THIRD_BANK'.
O	71B	Charges	Charges from Beneficiary in 'Others' tab.	-
O	48	Period of Presentation	Period for Presentation in 'Others' tab.	-
M	49	Confirmation instructions	Operation Code and May Confirm	Refer 'Table C' for details.
O	53A or D	Reimbursing Bank	Party details of 'REB'	The party details would be fetched using BIC code if 53A is present else the party details needs to be fetched using D to A converter.
O	78	Instructions to paying /acc/ neg bank	FFT	Tag 78 would be uploaded as FFT with FFT code as 'INSTRUCTION' and message type as 'ADV_THIRD_BANK'.
O	57A or D	Advise thru bank	Party details of 'ATB'	The party details will be fetched using BIC code if 57A is present else the party details needs to be fetched using D to A converter.
O	72	Sender to receiver info	Internal remarks/FFT	Tag 72 will be uploaded as FFT with FFT code as 'SND2RECINFO' and message type as 'ADV_THIRD_BANK'.

Table A

Tag value	Transferable (Oracle FLEXCUBE value)
IRREVOCABLE	N
REVOCABLE	N
IRREVOCABLE TRANSFERBALE	Y

Tag value	Transferable (Oracle FLEXCUBE value)
REVOCABLE TRANSFERABLE	Y

Table B

Tag value	Type (Oracle FLEXCUBE field value)	Mode (Oracle FLEXCUBE field value)	With (Oracle FLEXCUBE field value)
Payment	Straight	Sight	
Acceptance	Straight	Acceptance	
Negotiation	Negotiable	Negotiation	
Def payment	Straight	Deferred	
Mixed pymt	Straight	Mixed	
Option A			1 st line
Option D			1 st 4 lines

Table C

Tag value	Type (Oracle FLEXCUBE field value)	Mode (Oracle FLEXCUBE field value)
CONFIRM	Advise and confirm	N
MAY ADD	Advise	Y
WITHOUT	Advise	N

During the booking of an export LC, MT711 will be considered for uploading goods description (field 45B), document details (field 46B) and additional conditions (field 47B). The existence of MT711 for MT710 will be checked from field 27 of MT710. MT711 SWIFT record will be fetched from the incoming browser using the reference number from field 20 of MT710.

The system will arrive at the queue through which MT710 should be routed using the STP rule maintenance. Based on the queue and message type, the system will identify the product for the LC contract from the product mapping maintenance where a queue is mapped to the product. The closure date of the LC will be derived from the product (expiry date in field 31D + closure days maintained in the LC product). The party details of advising bank 'ABK' in export LC will be derived from the sender reference number.

If all MT711 messages are not present in the incoming message browser, then the system will stop processing the corresponding MT711 and move on to process the next MT710 in the queue. Field 27 of the message will be used to identify the number of MT711 messages associated with an MT710.

The STP process will create authorized or unauthorized export LC based on the post upload status maintained in the 'Upload Source Preferences' screen.

12.2.16 STP of MT707 – Amendment to Documentary Credit

Upload of MT707 triggers amendment of an export LC contract. The contract reference number on which the amendment needs to be triggered is derived primarily based on the value of field 21 in the MT707. The system fetches the contract reference number of the export LC contract using field 21. If the reference is not found, then it fetches the user reference number using field 21. If the value in field 21 is 'NONREF', the system will check for field 23.

If field 23 exists, then it will fetch the contract reference number using party as 'ISB' and the issuing bank reference number from field 23. If the contract reference is not found then the system will reject the record. If field 23 doesn't exist then the system will fetch the contract reference number using party as 'ISB' and reference number of party 'ISB' from field 20. If the contract reference number is not found for above combination, then it will fetch the contract reference number using party as 'ABK' and reference number of party 'ABK' from field 20. If the contract reference is not found, then the system will reject the record.

The system fetches the amendment amount from field 34B. If the currency in field 34B does not match the currency of the existing contract, then system will reject the record. The system fetches the new expiry date of the contract from field 31E. The following table lists the mapping that should exist between the SWIFT tags in MT707 and the fields in the LC Contract screen:

Status	Tag value	Description	Oracle FLEXCUBE field value	Remarks
M	20	Senders reference		Not needed for amendment
M	21	Receiver reference	Contract reference or user reference of LC contract	
O	23	Issuing bank reference	Their reference of party 'ISB'	LC reference in issuing bank
O	31C	Date of issue		Not needed for amendment.
O	52A	Issuing bank		Not needed for amendment.
O	30	Date of amendment	Issuing bank amendment date	If this tag is not present then the system date should be used for issuing bank amendment date.
O	26E	Number of amendment	amendment number in others tab	
M	59	Beneficiary		Not needed for

Status	Tag value	Description	Oracle FLEXCUBE field value	Remarks
				amendment
O	31E	New date of expiry	Expiry date	
O	32B	Increase of amount		
O	33B	Decrease of amount		
O	34B	New documentary credit amount after amendment	LC amount during amendment	
O	39A	Percentage credit amount tolerance	About clause, positive and negative tolerance	If not present then about clause should be 'None'. If present then the about clause should be 'About' with positive and negative tolerance
O	39B	Maximum credit amount	Liability amount	
O	39C	Additional amounts covered	Additional amounts in others tab	
O	44A	Loading on board/dispatch	Shipment from	
O	44B	For transportation to	shipment to	
O	44C	Latest shipment date	Latest shipment date	
O	44D	Shipment period	Shipment period	
O	72	Sender to receiver info	FFT	Tag 72 would be uploaded as FFT with FFT code as 'SND2RECINFO' and message type as 'AMD_EXP_CR'

The system will check for the following while processing a SWIFT upload:

- If field 34B is present then the following need to be available:
 - If field 32B is present, then the difference between the amount in 34B and current LC amount should be equal to the amount in 32B.
 - If field 33B is present, then the difference between the current LC amount and amount in 34B should be equal to the amount in 33B.

If the amount after amendment is less than the availed amount, then system will reject the record. The system creates a new version of an export LC after amendment upload. The STP process creates an authorized or unauthorized amendment record based on the post upload status maintained in the 'Upload Source Preferences' screen.

12.2.17 STP of MT730 – Acknowledgement

MT730 can be generated in response to MT707 and MT710.

12.2.17.1 Acknowledgement of MT707

During LC amendment, MT730 is generated if the media is 'SWIFT' and message type is 'LC_ACK_AMND'. The following table lists the mapping between the SWIFT tags in 730 and the fields in the LC Contract screen:

Status	Tag value	Description	Oracle FLEXCUBE field value
M	20	Sender's reference	Contract reference or user reference
M	21	Receiver reference	Their reference of party 'ISB'
O	25	Account identification	Account of ISB in others tab
M	30	Date of message being acknowledged	System date
O	32B	Amount of charges	Charge currency and charge amount of ISB in others tab
O	71B	Details of charges	Charges from ISB
O	72	Sender to receiver information	FFT code 'SND2RECINFO' and message type as 'LC_ACK_AMND'

12.2.17.2 Acknowledgement of MT710

MT730 is sent to the issuing bank to acknowledge the receipt of MT700. Oracle FLEXCUBE also allows you to send an acknowledgment from the advice through bank to the advising bank in order to acknowledge the receipt of MT710 (Advice of third bank).

The system marks the receiver of the message as 'ABK' for message types 'LC_ACK_ADVICE' and 'LC_ACK_AMND'. If 'ABK' and 'ISB' parties are present for an LC contract, then the receiver of the message will be 'ABK'. The receiver of this message will be 'ISB' only when 'ABK' is not present in the parties list. This process is applicable for the following events if the message type is 'LC_ACK_ADVICE':

- BADV
- BCFM

The process is applicable for the following events if the message type is 'LC_ACK_AMND':

- AMND
- AATC
- APAC
- APAD

The following table lists the mapping that should exist between the SWIFT tags in MT730 and the fields in the LC Contract screen:

Status	Tag value	Description	Oracle FLEXCUBE field value
M	20	Sender's reference	Contract reference/user reference
M	21	Receiver reference	Their reference of party 'ABK'
M	30	Date of message being acknowledged	System date
O	72	Sender to receiver information	FFT code 'SND2RECINFO' and message type as 'LC_ACK_AMD' or 'LC_ACK_ADVICE'

For the automatic generation of MT730 from an export LC, you need to link the message 'LC_ACK_ADVICE' to the 'BADV' and 'BANC' events at the product level. The post-upload status in the 'Upload Source Preferences' screen should be 'Authorized'. The contract authorization at the time of contract upload will trigger the MT730 generation process. For manual generation of MT730 from an export LC, you need to ensure the same advice mapping to the events as mentioned for automatic generation. However, status in the 'Upload Source Preferences' screen should be 'Unauthorized'. MT730 will then be generated during manual authorization of the export LC.

12.2.18 STP of MT740 - Authorization to Reimburse

STP of MT740 triggers creation of an import LC with the operation code 'Reimbursement'. The product for this import LC is fetched from the STP product mapping maintenance. The system check for the following during the STP:

- The product type of the LC product is 'Reimbursement' or not.

- The operation code of the LC contract is 'Reimbursement' or not.

The following table lists the mapping that should exist between the SWIFT tags in MT740 and the fields in the LC Contract screen:

Statu s	Tag value	Description	Oracle FLEXCUBE field value	Remarks
M	20	Documentary credit number	Their reference of party 'ISB'	
O	25	Account identification	Account of Issuing bank in others tab	
O	31D	Date and place of expiry	Expiry date and place of expiry	
O	58A or D	Negotiating bank	Party details of 'ABK'	The party details would be fetched using BIC code if 58A is present else the party details needs to be fetched using D to A converter. In case counterparty is not found then Walk in customer would be used
O	59	Beneficiary	Party details of 'BEN'	The party details would be fetched using name of the party
M	32B	Credit amount	LC currency and LC amount	
O	39A	Percentage credit tolerance	About clause, positive and negative tolerance	If not present then about clause should be 'None'. If present then the about clause should be 'About' with positive and negative tolerance .The system should calculate Max LC amount = LC amount+ Tolerance.
O	39B	Maximum credit amount	Liability amount	Using liability amount the liability percentage should be calculated. Maximum

Statu s	Tag value	Description	Oracle FLEXCUBE field value	Remarks
				credit amount = Max LC amount+Liability percentage.
O	39C	Additional amounts covered	Additional amounts covered in others tab	
M	41A or D	Available with. by	Credit details of LC(Type, mode and available with)	Refer 'Table D' for details.
O	42C	Drafts at	Credit details	
O	42A or D	Drawee	Party details of 'APP'	The party details would be fetched using BIC code if 42A is present else the party details needs to be fetched using D to A converter. In case counterparty is not found then Walk in customer would be used
O	42M	Mixed payment details	Credit details	
O	42P	Deferred payment details	Credit details	
O	71A	Reimbursing bank charges	Charges from in others tab	Refer 'Table E' for the tags. If the tag is not present then charges from should be 'OUR'.
O	71B	Other charges	FFT	Tag 71 would be uploaded as FFT with FFT code as '71BCHARGES' and message type as 'LC_ACK_ADVICE'.
O	72	Sender to receiver info	FFT	Tag 72 would be uploaded as FFT with FFT code as 'SND2RECINFO' and message type as 'LC_ACK_ADVICE'.

Table D

Tag value	Type (Oracle FLEXCUBE value)	Mode (Oracle FLEXCUBE value)	With (Oracle FLEXCUBE value)
Payment	Straight	Sight	
Acceptance	Straight	Acceptance	
Negotiation	Negotiable	Negotiation	
Def payment	Straight	Deferred	
Mixed pymt	Straight	Mixed	
Option A			1st line
Option D			1st 4 lines

Table E

Tag value	Charges From
CLM	Claimants
OUR	Ours

The closure date is driven by the closure days maintained in the LC product. The party details of issuing bank 'ISB' in the import LC is derived from the header details using the BIC present in tag 1. This value corresponds to the CIF of the LC contract. The party details of claiming bank 'CLB' in the import LC are derived using field 41A or D. These details are updated in the 'Parties' tab of the import LC contract. If value in field 41D is 'ANY BANK', then the system will not update the party type as 'CLB'.

The STP process creates authorized or unauthorized LC contract based on the post upload status maintained in the 'Upload Source Preferences' screen. The system triggers the event 'BISS' after the upload of MT740.

12.2.19 **STP of MT747 – Amendment to an Authorization to Reimburse**

You can upload MT747 as an LC amendment upload. The system fetches the contract reference number on which the amendment needs to be triggered based on field 20 of the message. It fetches the value of 'Their reference' field for the party 'ISB' using field 20. If the reference is not found then it will reject the record. The following table lists the mapping that should exist between the SWIFT tags in MT747 and the fields in the LC Contract screen:

Statu s	Tag value	Description	Oracle FLEXCUBE field value	Remarks
M	20	Documentary credit number		Reference Used for triggering amendment on LC

Statu s	Tag value	Description	Oracle FLEXCUB E field value	Remarks
				contract
O	21	Reimbursing bank reference		
M	30	Date of original authorization to reimburse		
O	31E	New date of expiry	Expiry date	
O	32B	Amount Increase		
O	33B	Amount decreased		
O	34B	New amount after amendment	LC amount during amend	
O	39A	Percentage credit tolerance	About clause, positive and negative tolerance	If not present then about clause should be 'None'. If present then the about clause should be 'About' with positive and negative tolerance
O	39B	Maximum credit amount	LC liability amount	
O	39C	Additional amounts covered	Additional amounts covered in others tab	
O	72	Sender to receiver info	FFT	Tag 72 would be uploaded as FFT with FFT code as 'SND2RECINFO' and message type as 'LC_ACK_ADVIC E'.
O	77A	Narrative	FFT	Tag 72 would be uploaded as FFT with FFT code as 'NARRATIVE' and message type as 'LC_ACK_ADVIC E'.

The STP process creates an authorized or unauthorized amendment record based on the post upload status maintained in the 'Upload Source Preferences' screen. The system creates a new version of the import LC after amendment upload and triggers the 'AMND' event. If field 21 does not have the LC contract reference, the system will reject the record. If field 34B is present, the system will check for the following:

- If field 32B is present, then the difference between the amount in 34B and the current LC amount should be equal to the amount in 32B.
- If field 33B is present then the difference between the current LC amount and the amount in 34B should be equal to the amount in 33B.
- The amount after amendment should not be less than availed amount.
- The new expiry date should not be before system date.
- The new amount after amendment amount should not be less than the outstanding amount.

12.2.20 STP of MT768 - Acknowledgement of a Guarantee Message

SWIFT MT768 can be uploaded into Oracle FLEXCUBE through STP. The following table lists the mapping that should exist between the SWIFT tags in MT768 and the fields in the LC Contract screen:

Status	Tag Value	Description	Oracle FLEXCUBE field value
M	20	Transaction Reference Number	ABK's Reference Number
M	21	Related Reference Number	Contract reference or user reference of LC contract
O	25	Account Identification	Account of ISB in others tab.
M	30	Date of Message being Acknowledged	ABK's Acknowledgment Date
O	32a	Amount of Charges	
O	57a	Account with Bank	
O	71B	Details of Charges	
O	72	Sender to Receiver Information	FFT Information

Values in fields 20 and 30 are updated in the LC contract screen on upload. The system triggers the event 'ACKB' on the uploaded LC Contract.

13. Reports

13.1 Introduction

Information on the LCs processed and the static maintenance done for the module is available in the form of reports. These reports can be generated with information on many parameters - commissions, closed or expired LCs with outstanding items, LCs with unreplied tracers, etc.

These reports can be printed, spooled on to a disk file or displayed on the screen.

You can generate the following reports for the LC module:

- Expired LCs with Outstanding Items report
- Closed LCs with Outstanding Items report
- LCs Due to Expire report
- LCs due to be Closed report
- Commission Due report
- Commission Activity report
- Report on Open Ended LCs
- Unreplied Tracers report
- Confirmed LCs report
- Overrides
- LC Daily Activity Journal Report
- Accruals Control Report- Based on Contract
- Accruals Control Report - Based on Product
- Commission Activity Report
- Accruals Control Report
- Process Exception Report
- Liquidation Daily Activity Report
- Outstanding Items Report

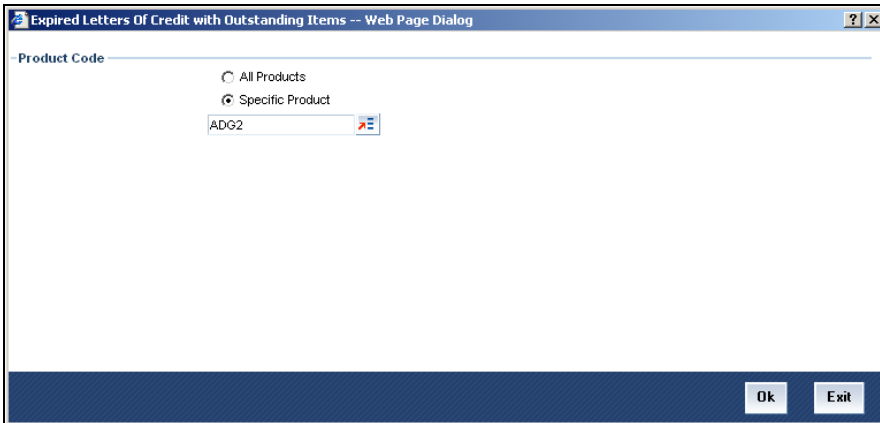
13.2 Expired LCs with Outstanding Items Report

As the name suggests, this report lists all the expired LCs having still have some outstanding items. These outstanding items could be the liability amount, cash collateral and outstanding commission and charges. A commission or charge will be considered outstanding when they are debited from a receivable GL of the bank and not from a customer account.

This report is generated to check if there are outstanding items against an LC. This is done at the time of releasing the cash collateral or while inquiring whether an LC is to be extended, etc.

You have an option to close the LCs that has expired. Once an LC is closed, it will not be reported in this report even if it still has outstanding items. Instead these LCs will be reported in the Closed LC with Outstanding Items report.

You can invoke the screen by typing the code 'LCRPEX' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.2.1 Selection Options

You can specify that the report should contain details of expired LCs associated with all LC products or a specific product. To generate the report for a specific product, select the appropriate Product Code from the option list.

13.2.2 Contents of Report

The contents of this report are discussed under the following heads:

Header

The Header carries the title of the report, information on the branch and branch date, user id, the date and time, the page number and module of the report.

Body of the report

This report contains details of:

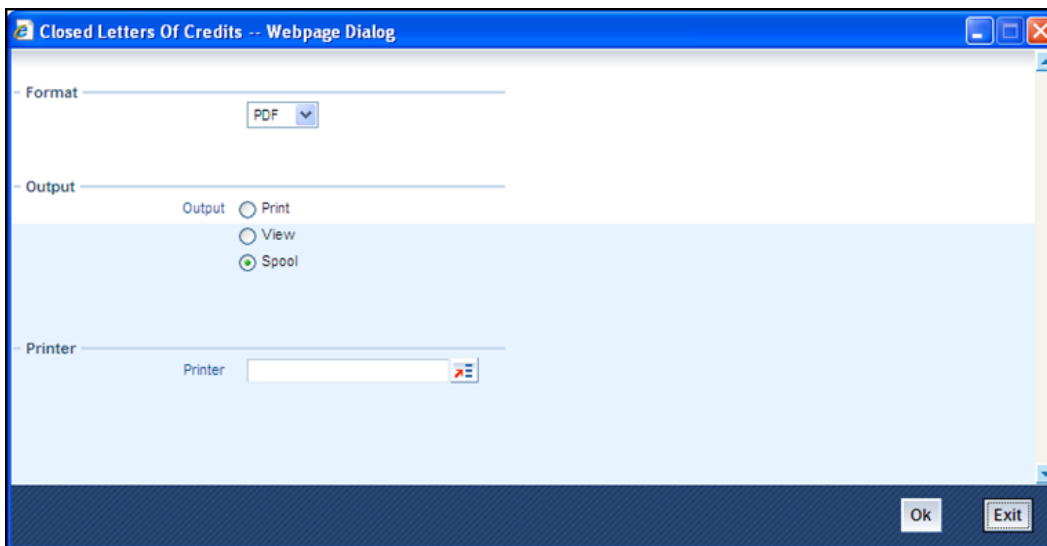
Contract Ref No	This is the reference number assigned to the LC by the system.
Customer name	While you are processing an LC, you would have given the CIF ID of one party, in the main screen of the LC Contract On-line function. Typically, it would be the applicant for an import LC while it would be the beneficiary or the issuing bank for an export LC. The short name of this customer will be shown here.
Customer type	This is the party type of the customer whose short name is reported.
Country	This is the country code.
Expiry Date	This is the date on which the LC expired.
Closure Date	This is the date on which the LC is due for closure.
CCY	This is the currency in which the LC was opened.

Contract amount	This is the Maximum LC amount, when the LC was first input and authorized. This amount does not take into account the amendments that were made subsequently to the LC.
Outstanding Liability	This is the amount available for availment against the LC, as of the date on which the report is generated. This amount is the outstanding amount after all the amendments made to the LC during its lifecycle.
Original Liability	This is the liability amount of the LC, when it was first input and authorized. This amount thus does not take into account the amendments that were made subsequently to the LC.
Current Availability	This is the liability amount due to the LC as of the date on which the report is generated. This amount is the outstanding amount after all the amendments made to the LC during its lifecycle.
OS item	This is the outstanding item. It could be cash collateral, commission or a charge which has not been liquidated.
Currency	The description of the currency in which the outstanding item is represented.
Outstanding Amount	This is the amount for which the item is outstanding.

13.3 Closed LCs with Outstanding Items Report

This report lists all the LCs that was closed but still has certain items outstanding. Such LCs may require follow-up action. The information given by this report will be as of the day on which the report is generated.

You can invoke the screen by typing the code 'LCRPCOLI' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



The items of the LC that can be outstanding include the cash collateral, outstanding commission and outstanding charges. The liability amount outstanding prior to the closing of the record would have automatically been reversed, when the record was closed.

As long as the LC remains in the system, you can reactivate it using the reopen facility.

13.3.1 Contents of Report

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The report contains information on:

Contract Ref No	This is the reference number assigned to the LC by the system.
Cif Id	This is the Customer Identification number or code
Cust Name	While you are processing an LC, you would have given the CIF ID of one party in the main screen of the LC Contract On-line function. Typically, it would be the applicant for an import LC while it would be the beneficiary or the issuing bank for an export LC. The short name of this customer will be shown here.
Cust Type	This is the party type of the customer whose short name is reported.
Country	This is the country code.
Expiry date	This is the date on which the LC expired.
Closure Date	This is the Date on which the LC has been closed.
CCY	This the currency in which the LC was opened.
Contract amount	This is the Maximum LC amount, when the LC was first input and authorized. This amount does not take into account the amendments that were made subsequently to the LC.
Current Availability	This is the liability amount due to the LC as of the date on which the report is generated. This amount is the outstanding amount after all the amendments made to the LC during its lifecycle.
Original Liability	This is the liability amount of the LC, when it was first input and authorized. This amount thus does not take into account the amendments that were made subsequently to the LC.
Outstanding Liability	This is the amount available against the LC, as of the date on which the report is generated.

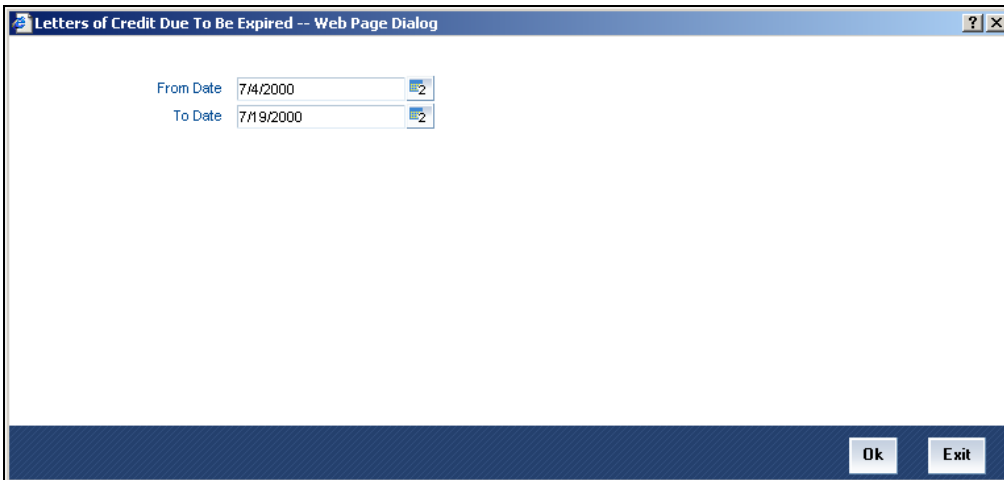
OS Item	This is the outstanding item. It could be cash collateral, commission or a charge which has not been liquidated.
Currency	The description of the currency in which the outstanding item is represented.
Outstanding Amount	This is the amount for which the item is outstanding.

13.4 **LCs Due to Expire Report**

This report lists the details of the LCs that are due to expire for the period that you specify.

The report provides a kind of warning related to the LCs that is due to expire in the future, so that you can take the appropriate action extending the expiry date, if it is required.

You can invoke the screen by typing the code 'LCRPDUE' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.4.1 **Selection Options**

You can configure this report to be triggered automatically as part of the batch processes run at EOD or you can generate the report at any time in the day from the Reports Browser.

If the report is generated as part of EOD, the report will by default list all the LCs that is due to expire, on the date the report is generated.

If you generate the report outside the EOD, you can specify preferences for the generation of the report. On selecting this report, indicate the period (from and to dates) during which LCs that is due to expire. The system will report all LCs due to expire whether they have outstanding items or not. The details are listed in the order of the expiry date of the LC.

13.4.2 **Contents of Report**

The report options that you selected while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

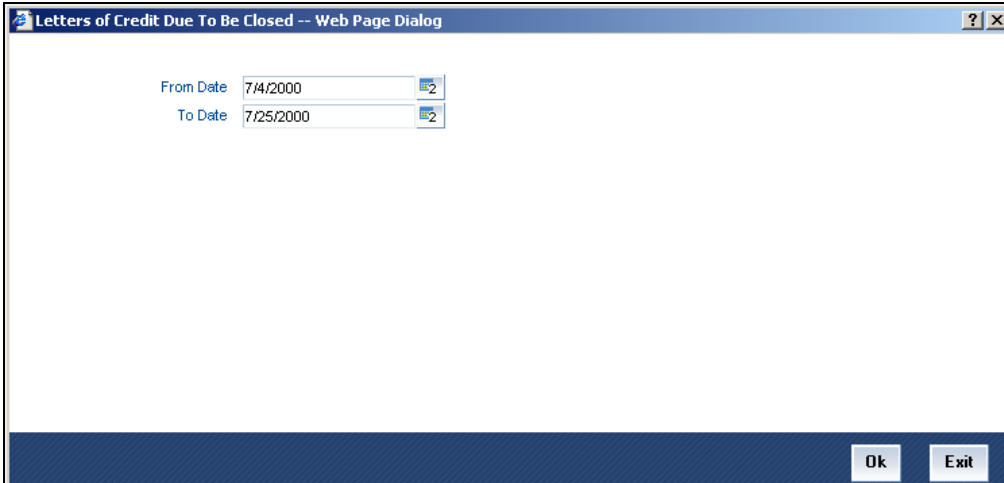
The report contains information on:

Contract Ref No	This is the reference number assigned to the LC that is due to expire.
Customer name	While you are processing an LC, you would have given the CIF ID of one party in the main screen of the LC Contract On-line function. Typically, it would be the applicant for an import LC while it would be the beneficiary or the issuing bank for an export LC. The short name of this customer will be shown here.
Customer ID	This is the Customer Identification number or code.
Country	This is the country code.
LC expiry date	This is the date on which the LC is due to expire.
Closure Date	This is the date on which the LC is due for closure.
Currency	The description of the currency in which the LC amount is expressed.
Original LC Balance	This is the Maximum LC amount, when the LC was first input and authorized. This amount does not take into account the amendments that were made subsequently to the LC.
Outstanding Amount	This is the amount of the outstanding item.
OS Item	This is the outstanding item. It could be cash collateral, commission or a charge which has not been liquidated.
Currency	This is the currency in which the outstanding item is represented.
Amount	This is the amount for which the LC was opened.

13.5 LCs Due to be Closed Report

This report lists the details of the LCs that are due for closure, during the period that you indicate.

You can invoke the screen by typing the code 'LCRPCOLC' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.5.1 Selection Options

You can configure this report to be triggered automatically as part of the batch processes run at EOD. You can also generate the report at any time in the day from the Reports menu.

If the report is generated as part of EOD, the report will by default, list all the LCs that is due to be closed, on the date the report is generated.

If you generate the report outside the EOD, specify the period for which the report has to be generated. On selecting this report, you can indicate the period (from and to dates) during which LCs that are due to be closed should be reported. The system will report all LCs due to be closed, whether they have outstanding items or not.

13.5.2 Contents of the Report

The report options that you selected while generating the report are printed at the beginning of the report. The details of the report are listed on the basis of the closure date of the LC. The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The report contains information on:

Contract Ref No	This is the reference number assigned to the LC that is due to be closed.
Customer name	While you are processing an LC, you would have given the CIF ID of one party in the main screen of the LC Contract On-line function. Typically, it would be the applicant for an import LC while it would be the beneficiary or the issuing bank for an export LC. The short name of this customer will be shown here.
Customer ID	This is the Customer Identification number or code.

Country	This is the country code.
Expiry date	This is the date on which the LC expired or is due to expire.
Closure Date	This is the date on which the LC is due for closure.
OS Item	This is the outstanding item. It could be cash collateral, commission or a charge which has not been liquidated.
Currency	This is the currency in which the outstanding item is expressed.
Amount	This is the amount of the outstanding item.

13.6 Commission Due Report

This report prints the details of the periodic commissions that are due to be collected, for a specific period in time.

You can invoke the screen by typing the code 'LCRPCODU' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

13.6.1 Selection Options

You can specify that this report should contain details of the commission that is due to LCs for a specific period in the future or for all dates. The selection options that you can indicate for the generation of the report are:

- The product(s) for which you want details. To generate the report for a specific product, select the appropriate Product Code from the option list.
- All dates - if you select this option, the report will contain details of the commission that is due for all dates in the future.
- Specific End Date - if you indicate a specific end date, the report will contain details of the commission due from LCs, from the current date (date of generating the report) to the end date that you indicate.

The sequence in which the details will be reported is next collection date (from earliest to latest) and then LC reference.

On selecting this report, you can specify the period for which the periodic commissions due to LCs should be reported. For the purposes of reporting, the system takes the next calculation date as the date of collection for LCs. This is for the LCs which you specified that commission should be collected in arrears.

13.6.2 Contents of Report

The report options that you indicate while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (user Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

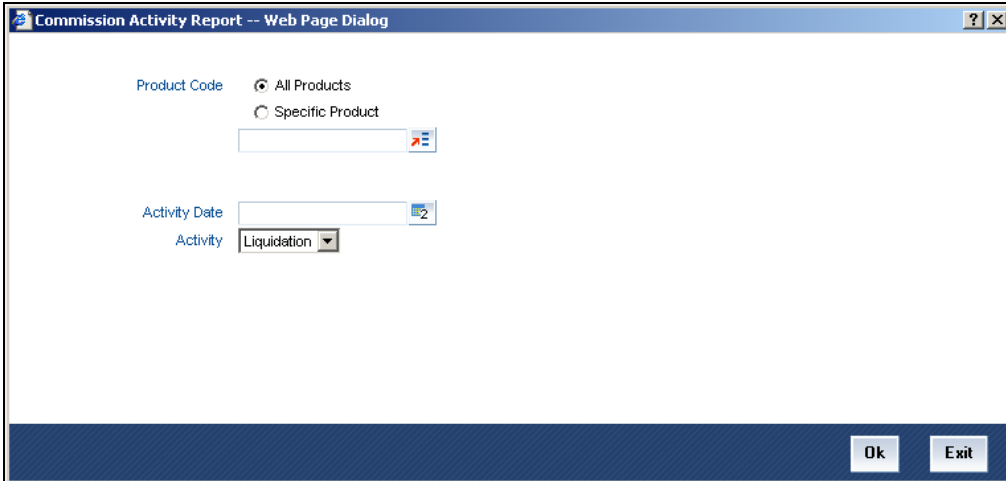
The details of this report are sorted on the basis of the collection date (earliest to latest). The report contains information on:

Contract Ref No	This is the reference number of the LC against which commission is due.
Component	This is the commission component that is due against the LC.
Currency	This is currency in which the commission is applied.
Commission Amount	This is the commission amount that is to be collected.
Calculation Method	This is the method of the calculation of commission.
Due Date	This is the due date of the commission.

13.7 Commission Activity Report

The Commission Activity report prints details of all the LCs for which commission was liquidated or calculated, as of the date the report was generated.

You can invoke the screen by typing the code 'LCRPCAC' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.7.1 Selection Options

You can configure this report to be triggered automatically as part of the batch processes run at EOD, or you can generate the report at any time in the day from the Reports menu.

If the report is generated as part of EOD, it will by default list all the LCs for which commission was liquidated or calculated as of the current date (the date on which the report was generated).

If you generate the report outside the EOD, you can indicate the date for which you want the activity reported. You also have the option to indicate the activity for which you want details.

You can specify the following options:

- The product(s) for which you want details. To generate the report for a specific product, select the appropriate Product Code from the option list.
- The activity date for which you want details
- The activity for which you want to retrieve information. The options available are:
 - Liquidation
 - Calculation
 - Both

13.7.2 Contents of Report

The report options that you indicate while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time and the page number and module of the report.

Body of the report

The report contains the following details:

Contract Ref No	This is the reference number assigned to the LC by the system.
Component	This is the commission component for which there was an activity.
Event	This is the Code that identifies the event, during which the commission component is being reported.
Component	This is the currency of the commission component that had an activity.
Component Amount	This is the commission amount that was involved in the activity..
Start Date	This is the start date of the period for which the commission component is being reported.
End Date	This is the end date of the period for which the commission component is being reported.
Debit	This is the branch to which the debit account belongs.
Debit Account	If the activity reported is collection, this is the account number or GL to which the commission amount is debited.

13.8 Report on Open Ended LCs

This report lists all the open ended LCs that has outstanding items. An open ended LC is one for which you have not defined an expiry date.

The details in the report are sorted by product. The sequence of the report is based on the LC issue date and the LC reference number.

You can invoke the screen by typing the code 'LCRPOPEN' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

13.8.1 Contents of the Report

The report options that you select while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The header carries the title of the report, the branch, Branch Date, the User ID, the date and time, the module and the page number of the report.

Body of the Report

The details of the report include the following:

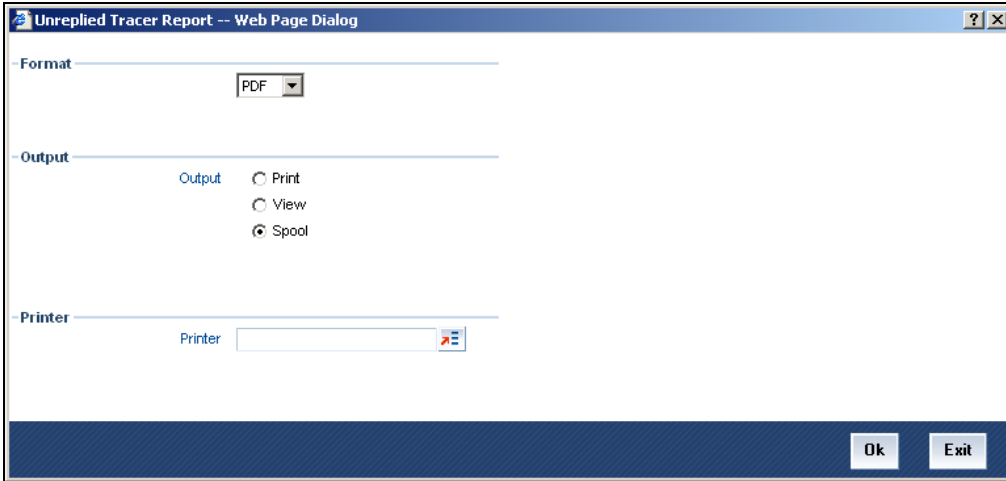
Product Code	The code of the product that you have associated with the LC.
Issue Date	This is the date on which the LC was processed. It is the issue date for an import or clean LC and guarantee, and is the date of advise or pre-advise (whichever is earlier) for an export LC.
Contract Ref No	This is the reference number assigned to the LC by the system.
Name	While you are processing an LC, you would have given the CIF ID of one party in the main screen of the LC Contract On-line function. Typically, it would be the applicant for an import LC while it would be the beneficiary or the issuing bank for an export LC. The short name of this customer will be shown here.
CIF ID	This is the Customer Identification number or code.
Country Code	This is the country code.
Os Liability	This is the outstanding liability amount as of the date the report was generated.
Current Availability	This is the current availability under the LC.
Contract CCY	This is the currency of the LC contract.
Outstanding Item	This is the description of the type of outstanding item to which, the currency and amount shown on the same line relate. It could be cash collateral, commission, or charges, which have not been liquidated.
Currency	This is the description of the currency in which the outstanding item is expressed.
Amount	This is the amount of the outstanding item.

13.9 Unreplied Tracers Report

This report provides the details of LCs against which there are some tracers that are yet to be replied by the concerned party.

Items are listed on this report only after the three statutory tracers have been generated and there has been no response. It is listed ten days after the last tracer was sent. A tracer is taken to have been responded, to when you indicate that its generation should be stopped.

You can invoke the screen by typing the code 'LCRPUNTR' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.9.1 Contents of Report

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (user id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

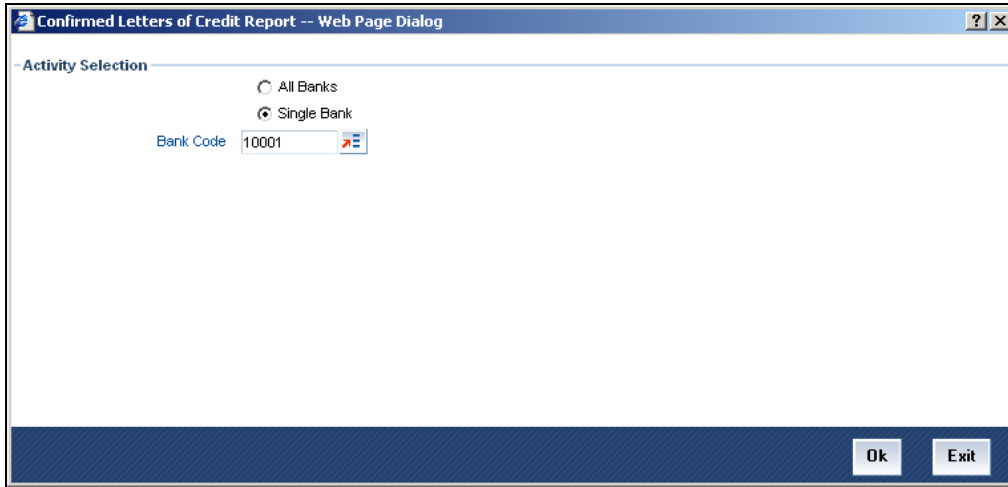
The report contains information on:

Product Code	This is the code of the product involved.
Contract Ref No	This is the reference number assigned to the LC by the system.
Cf Reason for follow-up	This is the reason for which the tracer was sent. It can be acknowledgment, confirmation or outstanding charges.
Last Tracer Date	This is the date on which the last tracer was sent.
Max Tracers	This is the maximum number of tracers that can be generated.
Cust Name	This is the name of the customer.
Cust Ref No	This is the reference number of the customer.
Tracer Party	This is the party to whom the tracer is addressed. The first 15 characters of the name of the party to whom the tracer has been addressed are displayed. This is taken from the LC contract.

13.10 Confirmed LC Report

This report lists all the LC that has been Confirmed.

You can invoke the screen by typing the code 'LCRFNREP' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.10.1 Selection Options

You can configure this report to be triggered automatically, as part of the batch processes run as part of EOD or you can generate the report at any time, in the day from the Reports menu.

If the report is generated as part of EOD, the report will by default list details of the LCs that have the confirming bank, as a party.

If you generate the report outside the EOD process, you can specify preferences for the generation of the report. On selecting this report, you can indicate whether the report should contain details of all the banks that are involved as confirming banks or of a selected bank. You need to select the bank code from the adjoining option list.

13.10.2 Contents of Report

The report options that you select while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (the User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

The report contains information on:

Cif Id	This is the Customer Identification number or code.
Name	This is the short name of the CIF.
Currency	This is the currency of the LC.

Cif Id	This is the Customer Identification number or code.
Product	This is the code of the product involved in the LC.
Contract	This is the reference number assigned to the LC by the system.
Contract	This is the current status of the LC.
Contract Amount	This is the amount for which the LC was issued.
Maximum LC Amount	This is the LC amount plus the positive tolerance specified for the LC.
Current Availability	This is the current outstanding liability amount, as of the date the report was generated.

13.11 Overrides Report

A contract can be saved, with certain exception conditions that were encountered, be given an override. This report lists the overrides that were encountered for contracts, on the date the report was generated.

You can invoke the screen by typing the code 'LCRPOVD' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.

13.11.1 Selection Options

You can generate this report to contain details of all the overrides that occurred during the day or to list the overrides that were encountered, while processing a single LC contract. If you indicate that the report should contain details of the overrides that were encountered in the processing of a single LC, you should also indicate the Reference number of the LC. Also, you need to indicate whether the override report should contain details of all product codes or for a specific product code.

13.11.2 Contents of Report

The report options that you select while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

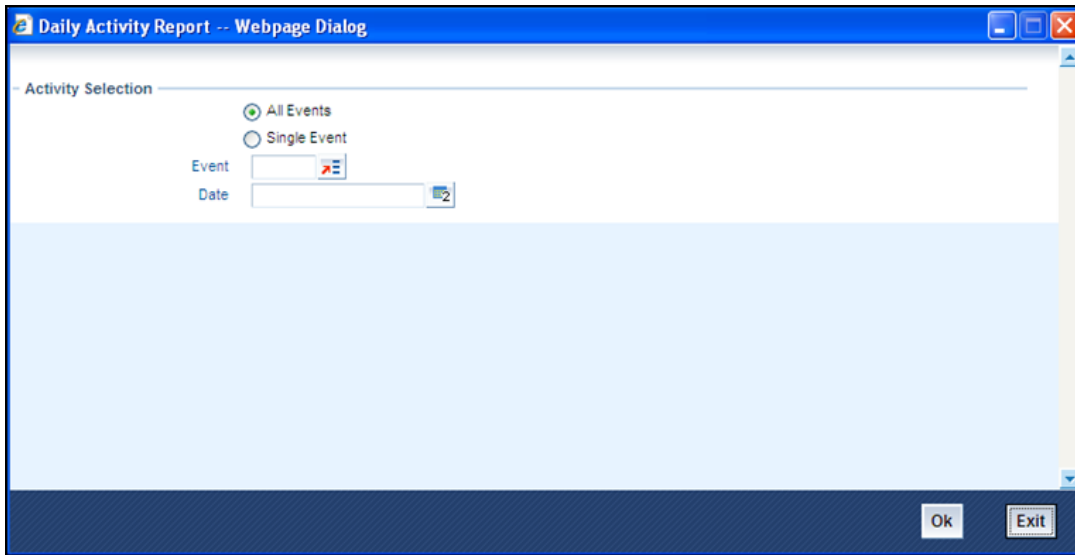
The report contains information on:

LC Reference	This is the reference number of the LC during the processing of which, an override occurred.
Product Code	This is the code of the LC product that is involved in the LC.
Product Description	This is a short description of the product.
Contract Amount	This is the amount for which the LC was opened.
Expiry Date	This is the date on which the LC is due to expire.
Event Code	This is the Code that identifies the event, during which the override was encountered.
Event Description	This is the description of the event.
Error Code	This is the error code for which the override was encountered.
Description	This is the description of the error that was encountered.

13.12 LC Daily Activity Journal Report

This report gives the details of LCs daily activity journal report. You can initiate the necessary follow up activities after generating this report.

You can invoke the screen by typing the code 'LCRLYREP' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.12.1 Selection Options

On selecting this report, you can indicate whether the report should contain details of all the events or single event. If you indicate single event, then you need to select the event code from the option list. Also, you have to select the date on which the report should be generated.

13.12.2 Contents of the Report

The report options that you select while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The header carries the title of the report, the branch, Branch Date, the User ID, the date and time, the module and the page number of the report.

Body of the report

The report contains information on:

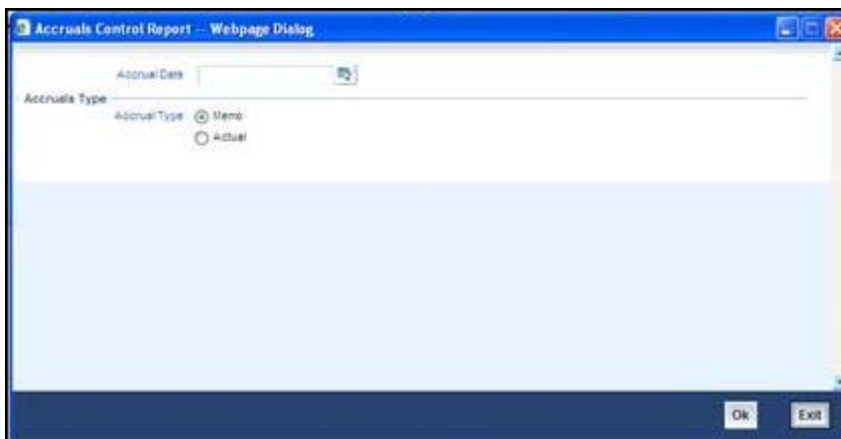
Event Code	This is the code of the event
Description	This is the description of the event.
Product Code	This is the code of the product involved in the LC.
Description	This is the description of the product code involved in the LC.
Contract Ccy	This is the currency in which the LC amount is expressed.
Contract Ref No	This is the Contract Reference number of the LC.

Cif Id	This is the Customer Identification number or code.
Cust Name	The short name of the Customer maintained in LC will be displayed here.
Operation Code	This is the operation code of the LC.
Issue Date	The date on which the LC was issued.
Expiry Date	This is the date on which the LC expired.
LC Amount/ Availment Amount	This is the amount for which the LC was opened.
Total for currency	This is the sum of all the LC amount and currency involved in the LC.

13.13 **Accruals Control Report- Based on Contract**

This report lists all the LCs that was accrued. Such LCs may require follow-up action. The information given by this report will be as of the day on which the report is generated.

You can invoke the screen by typing the code 'LCRPACCR' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.13.1 **Selection Options**

You can specify the date of the accrual.

You need to specify the accrual type. You have the following options:

- Memo
- Actual

13.13.2 **Contents of Report**

The report options that you indicate while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time and the page number and module of the report.

Body of the report

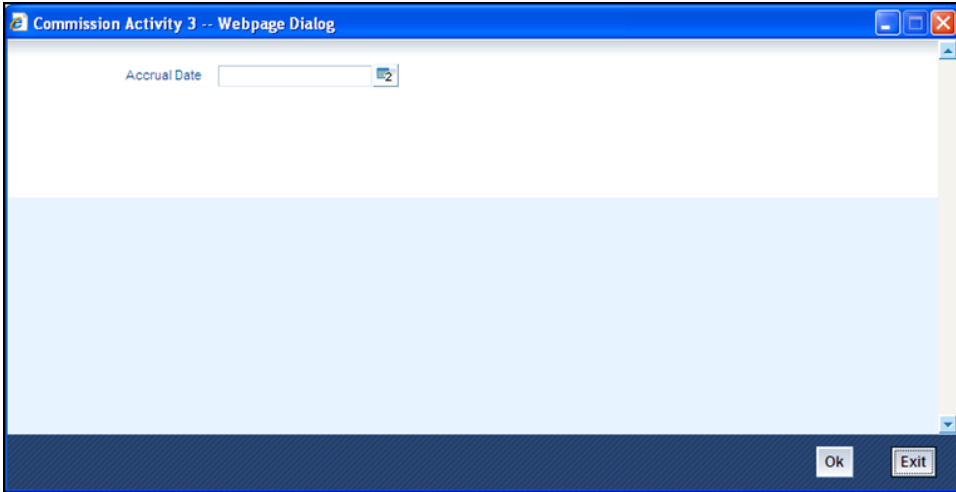
The report contains the following details:

Contract Ref No	This is the reference number assigned to the LC by the system.
Component	This is the component for which there was an accrual.
Event Seq No	This is the sequence number of the event.
Currency	This is the currency of the accrued amount.
Current Accrued Amount	This is the current accrued amount, as of the date the report was generated.
Amount Accrued To Date	This is the accrued amount, as of the date the report was generated.
Contract Ref No	This is the reference number assigned to the LC by the system.
Component	This is the component for which there was an accrual.
Currency	This is the currency of the accrued amount.
Current Accrued Amount Total	This is the sum of all the accrued amount, as of the date the report was generated.
Accrued Amount To Date Total	This is the sum of all the accrued amount, as of the date the report was generated.

13.14 Accruals Control Report - Based on Product

This report lists all the LCs that was accrued. Such LCs may require follow-up action. The information given by this report will be as of the day on which the report is generated.

You can invoke the screen by typing the code 'LCRPACR' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.14.1 Selection Options

You can specify the date of the accrual.

13.14.2 Contents of Report

The report options that you indicate while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time and the page number and module of the report.

Body of the report

The report contains the following details:

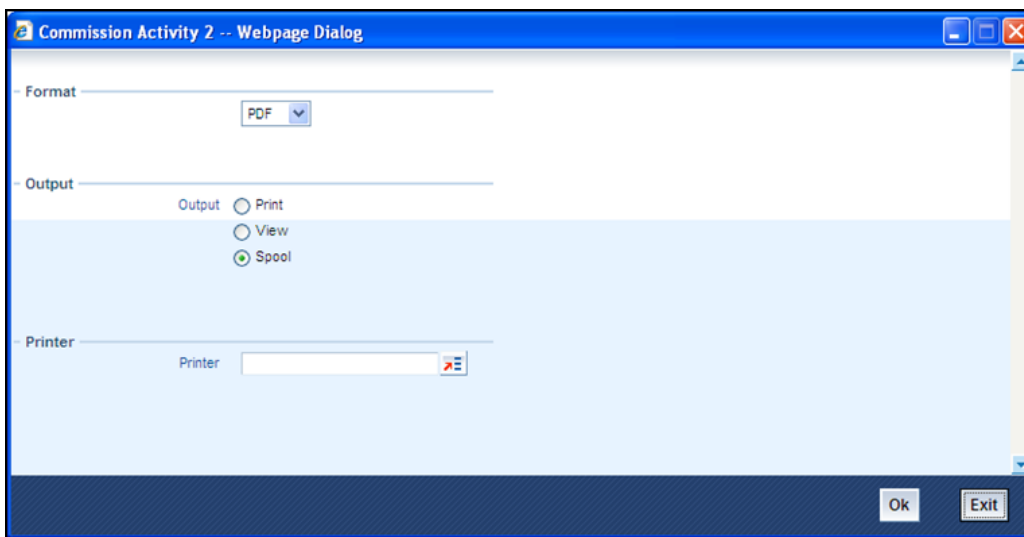
Contract Ref No	This is the reference number assigned to the LC by the system.
Component	This is the component for which there was an accrual.
Event Seq No	This is the sequence number of the event.
Currency	This is the currency of the accrued amount.
Current Accrued Amount	This is the current accrued amount, as of the date the report was generated.
Amount Accrued To Date	This is the accrued amount, as of the date the report was generated.
Product Code	This is the code of the product involved.
Component	This is the component for which there was an accrual.

Currency	This is the currency of the accrued amount.
Current Accrued Amount Total	This is the sum of all the accrued amount, as of the date the report was generated.
Accrued Amount To Date Total	This is the sum of all the accrued amount, as of the date the report was generated.

13.15 Commission Activity Report

This report prints the details of the periodic commission activity. The information given by this report will be as of the day on which the report is generated.

You can invoke the screen by typing the code 'LCRPCACT' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.15.1 Contents of Report

The report options that you indicate while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time and the page number and module of the report.

Body of the report

The report contains the following details:

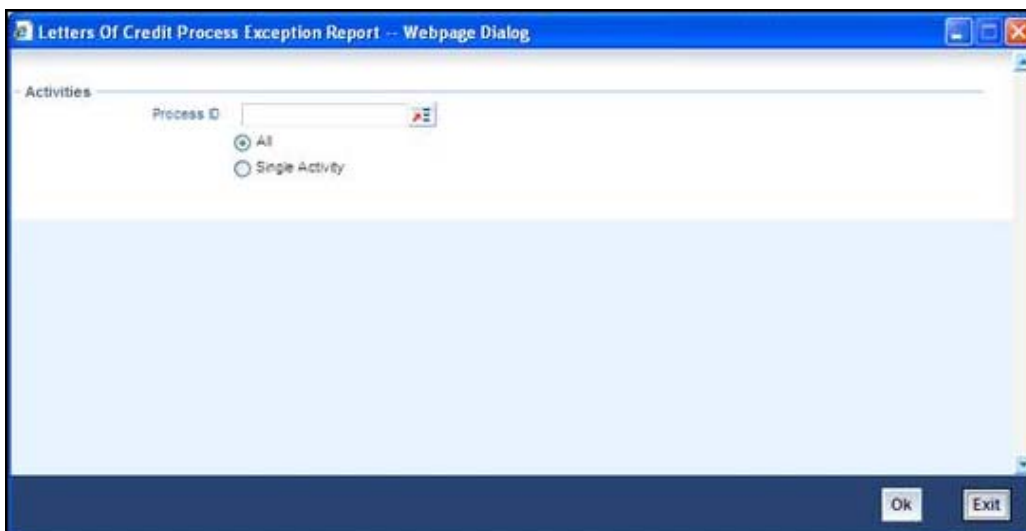
Contract Ref No	This is the reference number assigned to the LC by the system.
Component	This is the code of the component for which there was an commission activity.

Event Code	This is the code of the event.
Component Ccy	This is the currency of the component.
Component Amount	This is the component amount for which there was an commission activity.
Start Date	This is the start date of the commission activity.
End Date	This is the end date of the commission activity.

13.16 Process Exception Report

You can generate process exception report by using the 'Letters of Credit Process Exception Report' screen. This report lists the process exceptions that were encountered for contracts, on the date the report was generated.

You can invoke the screen by typing the code 'LCRPEXP' in the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



13.16.1 Selection Options

Select the process ID from the option list.

You need to indicate whether the process exception report should contain details of all types of activities or a single activity.

13.16.2 Contents of Report

The report options that you select while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the user who generated the report (User Id), the branch, branch date, the date and time, the page number and module of the report.

Body of the report

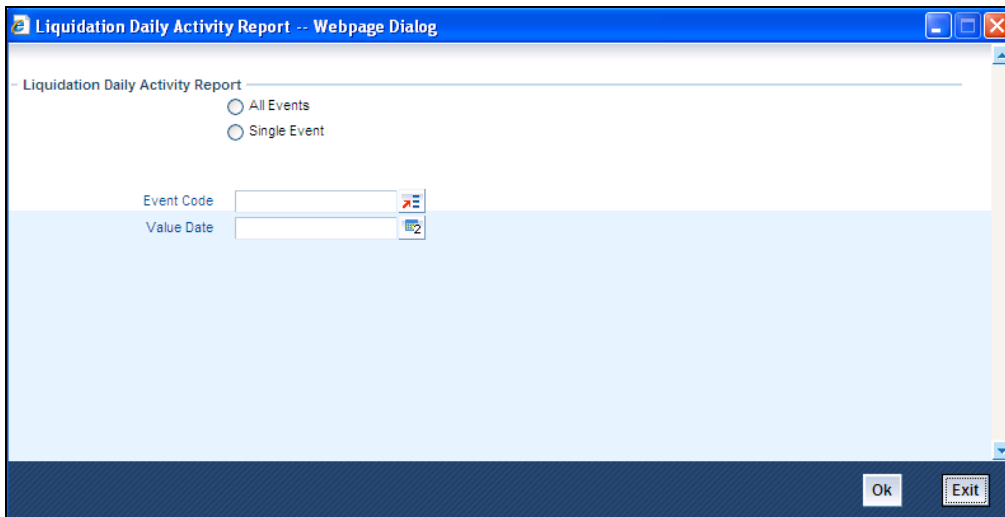
The report contains information on:

Contract Ref No	This is the reference number of the LC for which the process exception report is generated.
Customer	While you are processing an LC, you would have given the CIF ID of one party in the main screen of the LC Contract On-line function. Typically, it would be the applicant for an import LC while it would be the beneficiary or the issuing bank for an export LC. The short name of this customer will be shown here.
Error Code	This is the error code for which the process exception report is generated.
Error Description	This is the description of the error that was encountered.
Process ID	This is the Process Function ID in which exception has been raised
Date Time	This is the date and time on which the exception has been raised

13.17 Liquidation Daily Activity Report

The Liquidation Daily Activity Report provides information on all liquidation events or a particular event which took place on a specified date. You can set the preferences for generation of the report via the 'Liquidation Daily Activity Report' screen.

To invoke the 'Liquidation Daily Activity Report' screen, type 'LQRPDLY' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.



13.17.1 Report Options

You can set the following preferences for report generation in this screen.

All Events/Single Event

Choose whether you want a daily report on all liquidation events or a single event.

Event Code

Specify the Event Code of the liquidation event which you wish to view as a report.

Value Date

Specify the value dates for which the report must be generated.

Once you have specified the necessary, click OK button. The system displays the print option screen. Here, you can set your preferences as to printing the report. Click OK button to print the report.

13.17.2 Contents of Report

The contents of the report have been discussed under the following heads:

Header

The 'Header' carries the title of the report, branch code, branch date, user ID, module from which the report has been generated, date and time at which the report has been generated and the page number of the report.

Body

You can find the following liquidation event details in the body of the report.

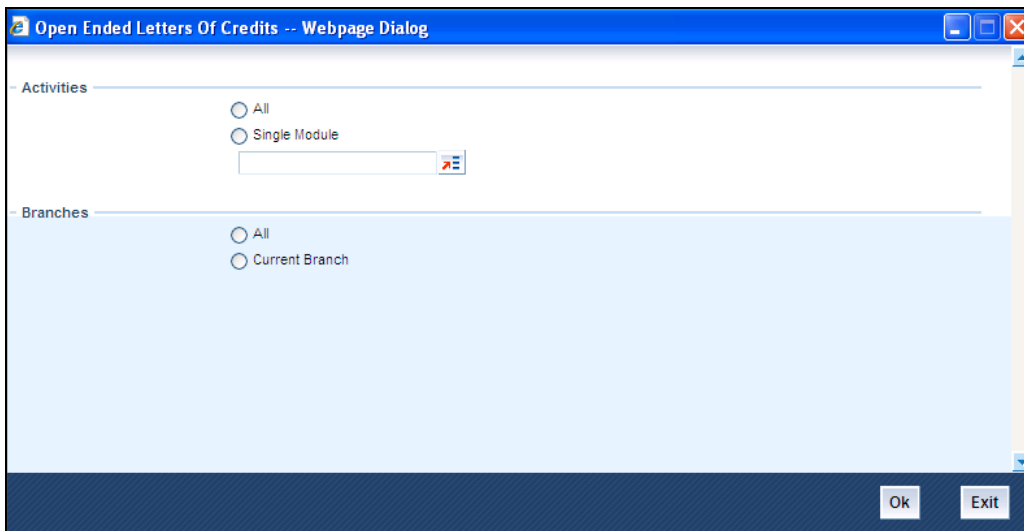
Liq Event Code	Specifies the Liquidation Event Code
Liq Ccy	Specifies the liquidation currency
Maker Dt Stamp	Specifies the date on which the record was made by the Maker
Liq Re No	Specifies the Liquidation Reference Number
Liq Event Seq No	Specifies the Liquidation event sequence number
Contract Ref No	Specifies the contract reference number
Latest Event Seq No	Specifies the sequence number of the latest event
Cf Liq Status	Specifies the Liquidation status
Cf Liq Auth Status	Specifies the liquidation authorization status
Maker Id	Specifies the ID of the maker of the record
Checker Id	Specifies the ID of the checker of the record
Checker Dt Stamp	Specifies the date on which the checker had checked the record

Liq Event Code	Specifies the Liquidation Event Code
Liq Ac Code	Specifies the liquidation account code
Liq Branch	Specifies the Liquidation Branch
Liq Value Date	Specifies the value date of the liquidation
Liq Trn Code	Specifies the liquidation Trn Code
Liq Amt	Specifies the liquidation amount
Cf Amt Total	Specifies the total Cf amount

13.18 Outstanding Items Report

The Outstanding Items report provides information on the open ended letters of credit maintained in the system. You can set the preferences for generation of the report using the 'Open Ended Letters Of Credit' screen. This report will list all the Outstanding item which has been booked under receivable and is not specific to open ended letters of credit alone.

To invoke the screen, type 'LQRPOS' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.



13.18.1 Report Options

You can set your preferences for report generation on this screen.

Activities – All/ Single Module

Specify whether the report should with regard to all activities or activities in a single module.

Branches – All/Current Branch

Specify whether the report should with regard to all branches or in the current branch.

Once you have specified the necessary details, click OK button. The system displays the print option screen. Here, you can set your preferences as to printing the report. Click OK button to print the report.

13.18.2 Contents of Report

The contents of the report have been discussed under the following heads:

Header

The 'Header' carries the title of the report, branch code, branch date, user ID, module from which the report has been generated, date and time at which the report has been generated and the page number of the report.

Body

You can find the following details in the body of the report:

Party Cif ID	The CIF ID of the counter party
Party Name	Name of the counter party
Party Type	The type the counterparty belongs to
AC Ccy	The currency in which the party's account is maintained
Module	The module for which the record belongs to
Amount Tag	The amount tag
Contact Reference Number	Specifies the contract reference number
Description	Gives a brief description of the contract
Event Code	Specifies the event code
Booking Date	Specifies the booking date of the contract
Receivable Ac Code	Specifies the account number of the receivable account
Ac Branch	Specifies the branch where the account is held
Amount	Specifies the amount in the outstanding item
Value Date	Specifies the value date of the record.

14. Annexure A - Accounting Entries for LCs

14.1 Accounting Entries for LCs

This Annexure contains details of the suggested accounting entries that can be set up, for the LC module of Oracle FLEXCUBE. The annexure lists details of the suggested accounting entries, event-wise.

14.1.1 LC Events

The following is an exhaustive list of events that can take place during the lifecycle of an LC. In the subsequent paragraphs we shall examine the accounting entries for each of the events listed below.

Event Code	Event Description	Remarks
ACCR	Accrual (Of Commission)	All Types
AMND	Amendment	All Types
AOCF	Amendment from open to open and confirm	Import only
AATC	Amendment from Advice to Confirm	Export Only
APAC	Amend - Pre-advice to Adv & confirm	Export Only
APAD	Amendment from Pre-advice to advice	Export Only
AVAL	Availment	Only For LC's
BADV	Booking Of An LC With Operation Advise	Export LC Only
BANC	Booking Of An LC With Operation Advise And Confirm	Export LC Only
BCFM	Booking Of An LC With Operation Confirm	Export LC Only
BISS	Booking Of An LC Or Guarantee Issue (Open or Open & Confirm)	Only For Import LC, Standby LC, Clean LC, Shipping Guarantee And Guarantee
BPRE	Booking Of An LC With Operation Pre-Advise	Export LC Only
CALC	Periodic commission calculation	All types
CANC	Cancellation of an LC	All Types

Event Code	Event Description	Remarks
CLIQ	Commission Liquidation	All Types
CLOS	Closure Of An LC Or Guarantee	All Types
RAVL	Reversal of Availment	All types
REIN	Reinstating An LC	Revolving LCs
ROPN	Reopening Of An LC	All Types
REVR	Reversal of contract	All types
ROPN	Reopening of an LC	All types
REIS	Reissue of Guarantee	Guarantee only

Whenever a conversion of currency is involved, the conversion rate used is as follows:

- If the contracts currency is different from the takedown or maturity accounts and neither of them is in the local currency of your branch, the cross rate entered in the contract screen is picked up.
- If the contract currency is different from the contract account and one of them is in the local currency of your branch, the exchange rate is picked up from the currency table maintained in the Core services module of Oracle FLEXCUBE. The FX spread is applied in a way that is favorable to your bank.

14.1.2 Amount Tags

Amount Tag	Description
AVAIL_SET_AMT	Availment amount paid
AVAIL_SET_AMTEQ	Availment amount received
COLL_AMNDAMT	Collateral amend amount Dr.
COLL_AMNDAMT_EQ	Collateral amend amount Cr.
COLLAMT_OS	Outstanding Collateral amount
COLLAMT_OS_EQ	Outstanding Collateral amount
LC_AMND_AMT	LC Amendment Amount
LC_OS_AMT	Outstanding LC amount
LC_REIN_AMT	Outstanding Reinstatement Amount
LIAB_AMND_AMT	Liability Amendment Amount

Amount Tag	Description
ADV_LIAB_AMND_AMT	Liability Amendment Amount for advised LCs
CNF_LIAB_AMND_AMT	Liability Amendment Amount for confirmed LCs
LIAB_AMT	Liability Amount
LIAB_AVAIL_AMT	Availment Liability Amount
ADV_LIAB_AVAIL_AMT	Availment Liability Amount for advised LCs
CNF_LIAB_AVAIL_AMT	Availment Liability Amount for confirmed LCs
LIAB_OS_AMT	Outstanding liability amount
ADV_LIAB_OS_AMT	Outstanding liability amount for advised LCs
CNF_LIAB_OS_AMT	Outstanding liability amount for confirmed LCs
LIAB_REIN_AMT	Reinstatement Amount
ADV_LIAB_REIN_AMT	Reinstatement Amount for advised LCs
CNF_LIAB_REIN_AMT	Reinstatement Amount for confirmed LCs

14.1.3 Accounting Roles

The following is an exhaustive list that contains details of the Accounting Roles that are applicable to the LCs you can process at your bank.

Accounting Role	Description	Role Type
LC_OCU	Outstanding Credit Unutilized	Contingent Liability
LC_OCU_OFFSET	Unutilized Credit Offset	Contingent Asset
LC_CNF	Confirmation of LC	Real GL
LC_CNF_OFF	Confirmation of LC Offset	Real GL
LC_COLL_ACCT	LC Collateral account	Liability
AVL_DEBIT_ACCT	Availment Debit account	Real / Type 'X'
AVL_CREDIT_ACCT	Availment Credit account	Real / Type 'X'
CHG_CUST_ACC	Customer Accounts	Real/Type "X"
COMM_CUST_ACC	Customer Accounts	Real/Type "X"
COLL_CUST_ACC	Customer Accounts	Real/Type "X"

Accounting Role	Description	Role Type
TAX_CUST_ACC	Customer Accounts	Real/Type "X"
COMM_INC	Commission Income	Income
COMM_REC	Commission earned not collected	Asset
COMM_RIA	Commission collected in advance	Liability
CHG_INC	Charge Income	Income
CHG_REC	Charge receivable	Asset
CHG_EXP	Charge expense	Expense
CHG_PAY	Charge payable	Liability
TAX_PAY	Tax payable	Liability
TAX_EXP	Tax expense	Expense

14.2 **Event-Accounting Entries**

In this section we will discuss the suggested accounting entries that should be generated for each event in the life cycle of an LC.

14.2.1 **BISS: Booking of an import LC**

Liability

Role	Amount Tag	Debit/Credit
LC_OCU	LIAB_AMT	Dr
LC_OCU_OFFSET	LIAB_AMT	Cr

Collateral (If Any)

Role	Amount Tag	Debit/Credit
COLL_CUST_ACC	COLL_AMT_OS	Dr
LC_COLL_ACC	COLL_AMT_OSEQ	Cr

Charges

Booking (From Customer Account)

Role	Amount Tag	Debit/Credit
CHG_CUST_ACC	CHARGES	Dr

Role	Amount Tag	Debit/Credit
CHG_INC	CHARGES	Cr

Booking (From Receivable Account)

Role	Amount Tag	Debit/Credit
CHG_REC	CHARGES	Dr
CHG_INC	CHARGES	Cr

On Receipt (For booking Under Receivable Account)

Role	Amount Tag	Debit/Credit
CHG_CUST_ACC	CHARGES	Dr
CHG_REC	CHARGES	Cr

Commission

In Advance (Non - Accrual - On Booking)

Role	Amount Tag	Debit/Credit
COMM_CUST_ACC	COMMSN	Dr
COMM_INC	COMMSN	Cr

In Advance (Accrual - On Booking)

Role	Amount Tag	Debit/Credit
COMM_CUST_ACC	COMMSN	Dr
COMM_RIA	COMMSN	Cr

In Advance (Month-End Accrual)

Role	Amount Tag	Debit/Credit
COMM_RIA	COMMSN	Dr
COMM_INC	COMMSN	Cr

In Arrears (Non - Accrual - On Booking)

No Entries for Booking

In Arrears (Non - Accrual - On Receipt)

Role	Amount Tag	Debit/Credit
COMM_CUST_ACC	COMMSN	Dr
COMM_INC	COMMSN	Cr

In Arrears (Accrual - On Booking)

No Entries for Booking

In Arrears (Month - End Accrual)

Role	Amount Tag	Debit/Credit
COMM_REC	ACCR_COMMSN	Dr
COMM_INC	ACCR_COMMSN	Cr

In Arrears (On Receipt of Commission)

Role	Amount Tag	Debit/Credit
COMM_CUST_ACC	COMMSN	Dr
COMM_REC	COMMSN	Cr

14.2.2 AVAL: Availment Under LC

Liability

Role	Amount Tag	Dr/Cr
LC_OCU	AVAIL_SET_AMT	Cr
LC_OCU_OFFSET	AVAIL_SET_AMTEQ	Dr
LC_OCU	ADV_LIAB_AVAIL_AMT	Cr
LC_OCU_OFFSET	ADV_LIAB_AVAIL_AMT	Dr
LC_CNF_OFF	CNF_LIAB_AVAIL_AMT	Dr
LC_CNF	CNF_LIAB_AVAIL_AMT	Cr

Collateral (If Any)

Role	Amount Tag	Dr/Cr
COLL_CUST_ACC	COLL_AMNDAMT	Cr

Role	Amount Tag	Dr/Cr
LC_COLL_ACCT	COLL_AMNDAMTEQ	Dr

14.2.3 CLOS: Closure of an LC / Guarantee

Liability

Role	Amount Tag	Dr/Cr
LC_OCU	LIAB_OS_AMT	Cr
LC_OCU_OFFSET	LIAB_OS_AMT	Dr
LC_OCU	ADV_LIAB_OS_AMT	Cr
LC_OCU_OFFSET	ADV_LIAB_OS_AMT	Dr
LC_CNF	CNF_LIAB_OS_AMT	Cr
LC_CNF_OFFSET	CNF_LIAB_OS_AMT	Dr

Collateral (If Any)

Role	Amount Tag	Debit/Credit
COLL_CUST_ACC	COLLAMT_OS	Cr
LC_COLL_ACCT	COLLAMT_OSEQ	Dr

14.2.4 REIN: Reinstatement of an LC / Guarantee

Role	Amount Tag	Debit/Credit
LC_OCU	LIAB_REIN_AMT	Dr
LC_OCU_OFFSET	LIAB_REIN_AMT	Cr
LC_OCU	ADV_LIAB_REIN_AMT	Dr
LC_OCU_OFFSET	ADV_LIAB_REIN_AMT	Cr
LC_CNF	CNF_LIAB_REIN_AMT	Dr
LC_CNF_OFF	CNF_LIAB_REIN_AMT	Cr

14.2.5 BADV: Advising an LC

Booking LC Advice

Role	Amount Tag	Debit/Credit
LC_OCU	ADV_LIAB_OS_AMT	Dr
LC_OCU_OFFSET	ADV_LIAB_OS_AMT	Cr

Charges/ Commission

As given in event BISS

14.2.6 **BCFM: Confirming an LC**

Liability

Role	Amount Tag	Debit/Credit
LC_OCU	LIAB_AMT	Dr
LC_OCU_OFFSET	LIAB_AMT	Cr

Collateral (If Any)

Role	Amount Tag	Debit/Credit
COLL_CUST_ACC	COLL_AMT_OS	Cr
LC_COLL_ACCT	COLL_AMT_OSEQ	Dr

Charges/ Commission

As given in event BISS

14.2.7 **BPRE: Pre-advising an LC**

None

14.2.8 **BANC: Advising and Confirming An LC**

Role	Amount Tag	Dr/Cr
LC_CNF	CNF_LIAB_OS_AMT	Dr
LC_CNF_OFFSET	CNF_LIAB_OS_AMT	Cr

14.2.9 **AMND: Amendment**

Liability

Reverse all the previous entries for booking. Re-book entries based on BISS or BADV or BPRE or BANC.

Role	Amount Tag	Dr/Cr
LC_OCU	ADV_LIAB_OS_AMT	Dr
LC_OCU_OFFSET	ADV_LIAB_OS_AMT	Cr
LC_CNF	CNF_LIAB_OS_AMT	Dr
LC_CNF_OFFSET	CNF_LIAB_OS_AMT	Cr

14.2.10 AOCF: Amendment from Open to Open and Confirm

None

14.2.11 APAD: Amendment from Pre-advice to Advice

None

14.2.12 APAC: Amendment from Pre-advice to Advice and Confirm

Same as For BISS

14.2.13 REVR: Reversal

Reverse out all the accounting entries booked for the contract till date.

14.2.14 ACCR: Accrual of Commission

See Commissions under event BISS.

14.2.15 CALC: Periodic Commission Calculation Date

No entries due to commission calculation.

14.2.16 CLIQ: Liquidation of Commission

See Commissions under event BISS.

14.2.17 ROPN: Reopening of an LC

Liability

Role	Amount Tag	Dr/Cr
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Role	Amount Tag	Dr/Cr
LC_OCU	LIAB_OS_AMT	Dr
LC_OCU_OFFSET	LIAB_OS_AMT	Cr
LC_OCU	ADV_LIAB_OS_AMT	Dr
LC_OCU_OFFSET	ADV_LIAB_OS_AMT	Cr
LC_CNF	CNF_LIAB_OS_AMT	Dr
LC_CNF_OFFSET	CNF_LIAB_OS_AMT	Cr

Collateral (If Any)

Role	Amount Tag	Dr/Cr
COLL_CUST_ACC	COLLAMT_OS	Dr
LC_COLL_ACCT	COLLAMT_OS_EQ	Cr

14.2.18 CANC: Cancellation of an LC

Role	Amount Tag	Dr/Cr
LC_OCU	LIAB_OS_AMT	Cr
LC_OCU_OFFSET	LIAB_OS_AMT	Dr
LC_OCU	ADV_LIAB_OS_AMT	Cr
LC_OCU_OFFSET	ADV_LIAB_OS_AMT	Dr
LC_CNF	CNF_LIAB_OS_AMT	Cr
LC_CNF_OFFSET	CNF_LIAB_OS_AMT	Dr

14.2.19 TRGN: Generation of Tracers

None

14.2.20 AATC: Amendment from Advice to Confirm

Role	Amount Tag	Dr/Cr
LC_OCU	LIAB_OS_AMT	Cr
LC_OCU_OFFSET	LIAB_OS_AMT	Dr
LC_OCU	ADV_LIAB_OS_AMT	Cr

Role	Amount Tag	Dr/Cr
LC_OCU_OFFSET	ADV_LIAB_OS_AMT	Dr
LC_CNF	CNF_LIAB_OS_AMT	Dr
LC_CNF_OFFSET	CNF_LIAB_OS_AMT	Cr

14.2.21 RASN: Reassign an LC

None

14.2.22 RAVL: Reversal of Availment

Fetch entries for last availment event and reverse them.

15. Annexure B - Events and Advices for LC

15.1 Event - Advices for LCs

This Annexure contains details of the suggested messages that can be generated for the LC module. The annexure lists details of the suggested messages event-wise.

15.1.1 LC Events

The following is an exhaustive list of events that can take place during the lifecycle of an LC. In the subsequent paragraphs we shall examine the messages for each of the events listed below.

Event Code	Event Description	Remarks
ACCR	Accrual (Of Commission)	All Types
AMND	Amendment	All Types
AOCF	Amendment from open to open and confirm	Import only
APAC	Amend - Pre-advice to Adv & confirm	Export Only
APAD	Amendment from Pre-advice to advice	Export Only
AVAL	Availment	Only For LC's
BADV	Booking Of An LC With Operation Advise	Export LC Only
BANC	Booking Of An LC With Operation Advise And Confirm	Export LC Only
BCFM	Booking Of An LC With Operation Confirm	Export LC Only
BISS	Booking Of An LC Or Guarantee Issue (Open or Open & Confirm)	Only For Import LC, Standby LC, Clean LC, Shipping Guarantee And Guarantee
BPRE	Booking Of An LC With Operation Pre-Advise	Export LC Only
CALC	Periodic commission calculation	All types
CANC	Cancellation of an LC	All Types

Event Code	Event Description	Remarks
CLIQ	Commission Liquidation	All Types
CLOS	Closure Of An LC Or Guarantee	All Types
RASN	Re-assign an LC contract	All types
RAVL	Reversal of Availment	All types
REIN	Reinstating An LC	Revolving LC's
ROPN	Reopening Of An LC	All Types
REVR	Reversal of contract	All types
ROPN	Reopening of an LC	All types
TRGN	Generation of tracers	All types
REIS	Reissue of Guarantee	Guarantee Only

15.1.2 LC Messages

The exhaustive list of messages that can be generated during the lifecycle of an LC are listed below:

Message	Mail	Telex	SWIFT	From	To
L/C Instrument	Y	Y	Y	ISB	ABK/BEN
Amendment Instrument	Y	Y	Y	ISB	ABK/BEN
Guarantee Instrument	Y	Y	Y	ISB	ABK
Guarantee Amendment	Y	Y	Y	ISB	ABK
Debit Advice	Y	Y	Y	ISB /ABK	APP/BEN
Credit Advice (Generated automatically on Reversal)	Y	Y	Y	ISB /ABK	APP/BEN
Charge Claim Advice	Y	Y	Y	ISB /ABK	APP/BEN
Cash Collateral Advices	Y	Y	Y	ISB /ABK	APP/ISB
Reimbursement Advice	Y	Y	Y	ISB	RIB
Cancellation Advice	Y	N	N	ISB/ ABK	ABK/APP/ BEN/RIB/ATB
Pre Advice Telex: MT-705	Y	Y	Y	ISB	ABK/BEN

Message	Mail	Telex	SWIFT	From	To
Reimbursement Advice Telex: MT-756	Y	Y	Y	ISB	ABK/BEN
ACK of an Import LC: MT-730	Y	Y	Y	ABK	ISB
ACK of Receipt Of Amendment To LC	Y	N	N	ABK	ISB
Authorization to Reimburse: MT-740	Y	Y	Y	ISB	REB
Amendment to Authorization to Reimburse: MT-740	Y	Y	Y	ISB	REB
When No ABK	Y	N	N	ISB	BEN
Pre-Advise To BEN	Y	N	N	ABK	BEN
Change From Pre-Advice To Advice	Y	N	N	ABK	AT/BEN
Change From Pre-Advice To Advice And Confirm	Y	N	N	ABK	ATB/BEN
Change From Advice To Advice And Confirm	Y	N	N	ABK	ATB/BEN
Amending An Import Credit, No ABK	Y	N	N	ISB/ ABK	BEN
Amending An Export Credit Previously Advised Or Confirmed, Via ATB	Y	N	N	ABK	ATB
Acknowledgment Tracer	Y	N	N	ISB	ABK
Confirmation Tracer	Y	N	N	ISB	ABK
Charges And Commission Tracer	Y	N	N	Issuing /ABK	APP/BEN/ ABK /ATB/ISB
Insurance Advice	Y	N	N	ISB	Insurance Company
Fax 700/707/LC confirmation Mail Message to counterparty	Y	N	N	ISB	Counterparty
ACK of LC Reimbursement: MT-747	Y	Y	Y	REB	ISB

15.1.3 Generating Multiple Copies of LC Instrument

You can generate multiple copies of the LC instrument with the same data and also specify different headers for each of the copy that you generate. To generate multiple copies, you need to maintain specific details in the following screens:

1) Format File Maintenance Screen

To generate multiple copies, you need to maintain a file format that will be used for the message and advices. For the LC_Instrument advice, you must associate the 'NUMCOPIESX' advice tag, where X denotes the number of the copy that is generated. Here you can specify different headers for each copy.

Refer to the Maintaining Advice Formats chapter of Messaging System user manual for the procedure to define file formats.

2) Customer Address Maintenance Screen

In this screen, you need to specify the number of copies allowed for the message type LC_Instrument. The system generates the number of copies specified for the instrument at the time of authorization for the customer address maintained in the screen.

Refer to the Maintaining Addresses for a Customer chapter of Messaging System user manual for maintaining addresses for the customer.

3) Outgoing Message Browser

When you are generating multiple copies of the original message, the system classifies the outgoing message as original or a copy in the Outgoing Message Browser.

The 'Copy' box indicates whether the outgoing message is a copy and in the 'No of Copy' field the number of that message is also displayed. This will help you keep count of the number of copies that is generated for the same message.

Refer to the Processing Outgoing Messages chapter in Messaging System user manual for further details on the Outgoing Message Browser.

15.1.4 Generating Fax 700/707 LC Confirmation Mail Message Copy to Counterparty

You can generate Fax 700/707 LC confirmation Mail Message copy to counterparty. To do this, you need to maintain specific details in the following screens:

1) Format File Maintenance Screen

To generate Fax 700/707 LC confirmation Mail Message copy, you need to maintain a file format that will be used for the message and advices. For the LC_Instrument advice, you must associate the 'FAX_DUPLICATE' advice tag, which carries the address of the receiver and a copy of the original message.

The advice format vs. message type mapping for the new message types should be as follows.

Module	Message type	Media
LC	LC_INSTRUMENT_FAX	FAX
LC	LC_AMND_INSTR_FAX	FAX

Refer to the *Maintaining Advice Formats* chapter of *Messaging System* user manual for the procedure to define file formats.

2) Customer Address Maintenance Screen

In this screen, you need to specify the format for the message type LC_INSTR_COPY and LC_AM_INST_COPY. The system generates the fax message for LC confirmation for the customer address maintained in the screen.

The customer address maintenance for media FAX should be as follows

Module	Message type	Format
LC	LC_INSTR_COPY	FAX_DUPLICATE
LC	LC_AM_INST_COPY	FAX_DUPLICATE

Refer to the *Maintaining Addresses for a Customer* chapter of *Messaging System* user manual for maintaining addresses for the customer.

Party type abbreviations:

This is an exhaustive list of the parties that can be involved in an LC.

Code	Party Type
APP	Applicant
ACC	Accountee
ISB	Issuing Bank
ABK	Advising Bank
BEN	Beneficiary
ATB	Advise through bank
RIB	Reimbursing Bank
REIS	Reissue of Guarantee

15.1.5 LC event - Messages

15.1.6 BISS: Booking of an Import LC

Event	Message/Advice	From	To
BISS	LC_REIMB_ADV	ISB	RIB
BISS	ISB_BEN_CL	ISB	BEN
BISS	LC_AMND_INSTR	ISB	ABK/BEN
BISS	LC_CHC_MSG	ISB	ABK
BISS	LC_CASH_COL_ADV	ISB/ ABK	APP/ISB
BISS	LC_DR_MSG	ISB	APP/ABK
BISS	LC_INSTRUMENT	ISB	ABK/BEN
BISS	GUARANTEE	ISB	ABK/BEN
BISS	LC_REIMB_ADV	ISB	ABK
BISS	LC_RIM_MSG	ISB	RIB
BISS	LC_INSTR_COPY	ISB	BEN

15.1.7 AVAL: Availment under LC

Event	Message/Advice	From	To
AVAL	LC_CHC_MSG	ABK	ISB
AVAL	LC_DR_MSG	ABK	BEN

15.1.8 CLOS: Closure of an LC / Guarantee

None

15.1.9 REIN: Reinstatement of an LC / Guarantee

Event	Message/Advice	From	To
REIN	LC_AMND_INSTR	ISB	ABK/BEN
REIN	LC_CHC_MSG	ISB/ABK	APP/BEN
REIN	LC_DR_MSG	ISB/ABK	APP/BEN
REIN	LC_INSTRUMENT	ISB	ABK/BEN

15.1.10 BADV: Advising an LC

Event	Message/Advice	From	To
BADV	LC_ACK_ADVICE	ABK	ISB
BADV	LC_CHC_MSG	ABK	ISB
BADV	LC_DR_MSG	ABK	BEN
BADV	LC_ACK_ADVICE	ABK	ISB

15.1.11 BCFM: Confirming an LC

Event	Message/Advice	From	To
BCFM	LC_ACK_ADVICE	ABK	ISB
BCFM	LC_CHC_MSG	ABK	ISB
BCFM	LC_CASH_COL_ADV	ABK	ISB
BCFM	LC_DR_MSG	ABK	BEN
BCFM	LC_ACK_ADVICE	ABK	ISB

15.1.12 BPRE: Pre-advising an LC

Event	Message/Advice	From	To
BPRE	LC_ACK_ADVICE	ABK	ISB
BPRE	LC_ATB_MSG	ABK	ATB
BPRE	LC_CHC_MSG	ISB/ABK	ABK/ISB
BPRE	LC_ACK_ADVICE	ABK	ISB
BPRE	LC_PA_MSG	ISB	ABK
BPRE	PADV_CL	ABK	ATB
BPRE	PADV_CL	ABK	BEN

15.1.13 BANC: Advising and Confirming an LC

Event	Message/Advice	From	To
BANC	LC_ACK_ADVICE	ABK	ISB
BANC	LC_CHC_MSG	ABK	ISB

Event	Message/Advice	From	To
BANC	LC_CASH_COL_ADV	ABK	ISB
BANC	LC_DR_MSG	ABK	BEN
BANC	LC_ACK_ADVICE	ABK	ISB

15.1.14 **REIS: Reissue of Guarantee**

Event	Message/Advice	From	To
REIS	LC_INSTRUMENT	ISB	ABK/BEN
REIS	GUARANTEE	ISB	ABK/BEN
REIS	LC_PRE_ADVICE	ABK	ISB

15.1.15 **AMND: LC Amendments**

Event	Message/Advice	From	To
AMND	LC_AMD_MSG	ISB	ABK
AMND	AMD_EXP_CR	ABK	ATB
AMND	AMD_EXP_CR	ABK	BEN
AMND	LC_ACK_AMND	ABK	ISB
AMND	LC_CASH_COL_ADV	ABK	ISB
AMND	LC_DR_MSG	ABK	BEN
AMND	LC_AMD_AUTH_REB	ISB	RIB
AMND	AMD_IMP_CR	ISB	BEN
AMND	GUA_AMD_INSTR	ISB	ABK
AMND	LC_AMND_INSTR	ISB	ABK/BEN
AMND	LC_CHC_MSG	ISB/ABK	ISB/ABK
AMND	LC_DR_MSG	ISB/ABK	APP/BEN
AMND	LC_INSTRUMENT	ISB	ABK/BEN
AMND	GUA_AMD_INSTR	ISB	ABK/BEN
AMND	LC_REIMB_ADV	ISB	ABK
AMND	LC_REIMB_ADV	ISB	RIB

Event	Message/Advice	From	To
AMND	LC_AM_INST_COPY	ISB	BEN

For the generation of outgoing MT707 from an incoming MT707, you need to link the message type 'AMD_EXP_CR' to the 'AMND' event of the product. In case of LC amendment, if the media is 'SWIFT' and message type is 'AMD_EXP_CR', the system will generate MT707. During generation of MT707 to the advice through bank, field 30 will be updated with the date in 'Issuing Bank Amendment Date' field. If the amendment date is null, then field 30 will not be updated.

In response to MT700 and MT707, Oracle FLEXCUBE also allows you to generate MT730 as an acknowledgement of LC creation or amendment respectively. During LC amendment, MT730 is generated along with the advice 'LC_ACK_AMND' if the media is 'SWIFT' and message type is 'LC_ACK_AMND'.

15.1.16 REVR: Reversal

Event	Message/Advice	From	To
REVR	LC_CNC_MADV	ISB	APP/ABK
REVR	LC_CR_MSG	ISB/ABK	APP/BEN

15.1.17 ACCR: Accrual of Commission

None

15.1.18 CALC: Periodic Commission Calculation Date

None

15.1.19 CLIQ: Liquidation of Commission

Event	Message/Advice	From	To
CLIQ	LC_DR_MSG	ISB/ABK	APP/BEN

15.1.20 ROPN: Reopening of an LC

Event	Message/Advice	From	To
ROPN	LC_CHC_MSG	ISB/ABK	ISB/ABK
ROPN	LC_DR_MSG	ISB/ABK	APP/BEN

Event	Message/Advice	From	To
ROPN	LC_INSTRUMENT	ISB	ABK/BEN

Event	Message/Advice	From	To
ROPN	GUARANTEE	ISB	ABK/BEN

15.1.21 TRGN: End of Day Check for Tracers

Event	Message/Advice	From	To
CHTR	ACK_TRACER	ISB	ABK
CHTR	CHG_COM_TRACER	ISB/ABK	APP/BEN/ABK/ATB /ISB
CHTR	CON_TRACER	ISB	ABK

15.1.22 CANC: Cancellation of an LC

SI No	Event	Message/Advice	From	To
	CANC	LC_CANCEL_ADV	ISB	ABK/APP/BEN/RIB
	CANC	LC_CANCEL_ADV	ABK	BEN/ABK/ATB/RIB

15.1.23 APAC: Amendment from Pre-advice to Advice and Confirm

Event	Message/Advice	From	To
APAC	PADV_TO_ADVCON	ABK	ATB
APAC	PADV_TO_ADVCON	ABK	BEN
APAC	PADV_TO_ADVCON	ABK	ATB
APAC	PADV_TO_ADVCON	ABK	BEN
APAC	AMD_EXP_CR	ABK	ATB
APAC	AMD_EXP_CR	ABK	BEN
APAC	LC_ACK_AMND	ABK	ISB
APAC	LC_CASH_COL_ADV	ABK	ISB
APAC	LC_DR_MSG	ABK	BEN

15.1.24 APAD: Amendment from Pre-advice to Advice

Event	Message/Advice	From	To
APAD	LC_AMD_MSG	ISB	ABK
APAD	AMD_EXP_CR	ABK	ATB

Event	Message/Advice	From	To
APAD	AMD_EXP_CR	ABK	BEN
APAD	LC_ACK_AMND	ABK	ISB
APAD	LC_DR_MSG	ABK	BEN
AATC	LC_AMD_MSG	ISB	ABK
AATC	ADV_TO_ADVCON	ABK	ATB
AATC	AMD_EXP_CR	ABK	ATB
AATC	AMD_EXP_CR	ABK	BEN
AATC	LC_ACK_AMND	ABK	ISB
AATC	LC_DR_MSG	ABK	BEN

15.1.25 RASN: Reassign an LC

None

15.1.26 RAVL: Reversal of availment

None

15.1.27 CALC: Periodic commission calculation

None

15.1.28 Advice Generated for the Insurance Company

The **LC_INSURANCEADV** message is generated by the bank and sent to the Insurance Company at the time of Opening (BISS) and Amendment (AMND) of LC contract.

An insurance company advice gives details of the deal.

INSURANCE ADVICE

To,

INSURANCECO

_INSURANCECO_ADDR1_

_INSURANCECO_ADDR2_

_INSURANCECO_ADDR3_

_INSURANCECO_ADDR4_

Dear Sirs,

SUB: Open Policy/Cover No : _INSURANCECO_POLICYNO_

Our Letter Of Credit No. : _USERREFNO_ DATED : _ISSUE_DATE_

This is to advise you that we have today established the subject Letter of Credit the details of which are as under. Kindly provide us with Insurance Policy/Certificate/Declaration/Cover Note, which ever is applicable, at your earliest

L/C No. : _CONTREFNO_

IRREVOCABLE

Amount : ABOUT _LC_CCY_ _LC_AMOUNT_ CFR

Expiring On : _EXPIRY_DATE_

Opener of L/C: _APP_NAME_

_APP_ADDR1_

_APP_ADDR2_

_APP_ADDR3_

_APP_ADDR4_

Merchandise : _GOODS_DESCR_

Shipment From : _FROM_PLACE_

To : _TO_PLACE_

By : _SHIPMENT_DET_

Not Later Than: _LATEST_SHP_DATE_

Partial Shipment : _PARTIAL_SHP_

Transshipment : _TRANS_SHP_

Yours faithfully For Investbank PSC

[FILE COPY]

15.1.29 **Advice Generated for Counterparty**

The **LC_INSTR_COPY** and **LC_AM_INST_COPY** message types will be processed and an advice will be generated by the bank and sent to the counterparty at the time of LC confirmation.

The advice format maintenance will be as follows:

FAX_DUPLICATE

ADDRESS

ORIGINALMESSAGE

LC Contract processing will specify the receiver of the new message types as the applicant.

The message processing function will process confirmation / duplicate messages on the basis of the following:

- If the original message is not processed, then the original message will be processed first before generation of confirmation/duplicate message.
- If the status of original message is Repair then the duplicate message will also be in the same status.
- If the original message is generated, then the same message is copied to the duplicate message.
- The _ORIGINALMESSAGE_ advice tag will be populated with the actual message body of original message.
- The additional tags which will be updated for duplicate messages are Receiver address and sender address.
- The advice generation process will fetch the above tags and forms the message for duplicate messages.

16. Annexure C - SWIFT Category 7 Messages

16.1 List of SWIFT Messages

The following messages are supported in the LC module.

Message	Description	LC Type
MT 700	Issue of LC	Import LC, Standby LC, Clean LC
MT 701	Continuation of MT 700	Import LC, Standby LC, Clean LC
MT 705	Pre-Advice of LC	Import LC, Standby LC, Clean LC
MT 707	Amendment to LC	Import LC, Standby LC, Clean LC
MT 710	Advice of a Third Bank's Documentary Credit	
MT 711	Continuation of MT 710	
MT 720	Transfer of a LC	
MT 721	Continuation of MT 720	
MT 730	Acknowledges receipt of MT 700	Export LC
MT 732	Advice of Discharge	
MT 734	Advice of Refusal	
MT 740	Authorization to Reimburse	Import LC, Standby LC, Clean LC
MT 742	Reimbursement Claim	
MT 747	Amendment to an Authorization to Reimburse	Import LC, Standby LC, Clean LC
MT 750	Advice of Discrepancy	
MT 752	Authorization to Pay, Accept or Negotiate	
MT 754	Advice of Payment/Acceptance	
MT 756	Advice of Reimbursement or Payment	

Message	Description	LC Type
MT 760	Issue of a Guarantee	Guarantee, Shipping guarantee
MT 767	Guarantee Amendment	Guarantee, Shipping guarantee
MT 768	Acknowledges receipt of MT 767	Guarantee
MT 769	Advice of Reduction or Release	
MT 790	Advice of Charges, Interest and Other Adjustments	
MT 791	Request for Payment of Charges, Interest and other expenses	
MT 792	Request for cancellation	
MT 795	Queries	
MT 796	Answers	

17. Annexure D - Letters of Credit Glossary

17.1 List of Important Terms

The following terms occur in this manual.

Letter of Credit (LC)

This is an arrangement that is irrevocable and thereby constitutes a definite undertaking of the issuing bank to honour a complying presentation.

Clean or Documentary LC

Clean Letters of Credit require no documents for processing, as opposed to Documentary Letters of Credit, which require documents.

Applicant

It means the party at whose request the LC is issued.

Beneficiary

It means the party in whose favour a LC is issued.

Import LC

This is an incoming Letter of Credit that involves an applicant who is a customer of the processing bank.

Export LC

This is an outgoing Letter of Credit that involves the beneficiary who is a customer of the processing bank.

Guarantees

Guarantee is a form of comfort, issued by the bank to its client, in cases where the bank is not very comfortable with the credit rating of the customer. Unlike a letter of credit, in which the bank has to pay on maturity, the amount is payable only on invocation of guarantee by the creditor.

Shipping Guarantee

This is a guarantee extended during the period in which the goods are under transit.

Standby Guarantee

This is a guarantee for performance of a contract. These are immediately realizable whenever the beneficiary presents a declaration to the issuing bank that the named party has not fulfilled the terms of contract.

Red Clause LC

This is an LC, the terms of which allow the confirming bank to make advance payments to the beneficiary before documents are received, towards anticipatory drawings on the part of the beneficiary.

Transferable LC

This is an LC, the terms of which allow transference of the LC to other buyers, sellers or parties.

Non-transferable LC

This is an LC, the terms of which disallow transference of the LC to other buyers, sellers or parties.

Revolving LC

This is an LC, the terms of which allow the restoration of the original LC amount (or the tenor) after its full settlement, without any further changes to any of the other terms. A revolving LC could be either revocable or irrevocable.

Non-Revolving LC

This is an LC, the terms of which disallow the restoration of the original LC amount (or the tenor) after its full settlement. A non-revolving LC could be either revocable or irrevocable.

Sight LC

This is an LC that involves immediate payment to the seller by the negotiating bank. The payment is later reimbursed by the issuing bank.

Usance LC

This is an LC that involves payment to the seller at maturity i.e., (at a future date). The drawee bank obligates itself to make the payment.

Open-ended LC

This is an LC that has no definite maturity or expiry date.

Issuing Bank

This is the bank at which a letter of credit is first initiated by the buyer or importer. It is the bank at which the buyer account is debited for the trade. The advising bank sends the documents for the trade to the issuing bank, from where they are released to the buyer.

Advising Bank

This is the bank in the LC chain which advises by sending a copy of the LC to the beneficiary. The advising bank also sometimes acts as the bank will receive and negotiate the documents from the beneficiary which the seller or exporter involved in a letter of credit receives payment towards the trade. The issuing bank sends the letter of credit to the advising bank. The documents regarding the trade are sent to the advising bank by the seller. The advising bank then sends the documents to the issuing bank.

Confirming Bank

This is the bank that ratifies the trade involving a letter of credit, to the advising bank. Tracers (messages) requesting letters of confirmation of the trade are sent to the confirming bank.

Confirmation

This is the adding of a separate undertaking by a bank to an LC in addition to that of the bank issuing it. All LCs lacking specific confirmation notices from any additional banks are considered unconfirmed.

Document Code

This is a unique identifier in Oracle FLEXCUBE for a standard paper, file or record that is required and used in most countries for the processing of a documentary letter of credit.

Document Type

This is a group of similar document codes in Oracle FLEXCUBE. The document type identifies the nature of all document codes under it.

Clause Code

This is a unique identifier in Oracle FLEXCUBE for a statement that goes along with documents sent under a letter of credit.

Clause Type

This is a group of similar clause codes in Oracle FLEXCUBE. The clause type identifies the nature of all clause codes under it.

Goods Code

This is a unique identifier in Oracle FLEXCUBE for the standard stock or commodity that is traded under a letter of credit.

Text Code

This is a unique identifier in Oracle FLEXCUBE for a set of instructions and statements (the free format texts) pertaining to the processing of a letter of credit. Standard free format texts do appear on correspondence and messages sent to the parties involving the letter of credit.

Product

This is an identifier in Oracle FLEXCUBE for any type of service that a bank offers its customers. A set of attributes and preferences are maintained for the product, which will apply to the processing of any contracts, transactions or deals involving the product (service).

Product Group

This is a group under which a product is logically classified, under which logically similar products are placed together.

Product Remarks

It can be descriptive text about a product.

Product Slogan

It can be text or phrase that could be used as a declaration or an announcement of the product, to customers.

Accounting Head

This is the specific GL created in any module of the Oracle FLEXCUBE system into which the accounting entry would be posted.

Accounting Role

The general ledgers and sub-ledgers maintained as a chart of accounts in Oracle FLEXCUBE may be classified logically under different categories, each of which is called an accounting role.

Amount Tag

This is the amount entry that is passed into a general ledger/sub-ledger in the chart of accounts for each transaction.

Netting

It amounts to summing of two or more accounting entries passed to an account for the same event, so as to arrive at a net figure for posting.

Event

This is the occurrence or process that initiates the generation of an advice during the processing of a contract in Oracle FLEXCUBE.

Transaction Code

This is an identifier for each accounting entry that describes the nature (debit or credit) of the entry.

Rekey Options

They comprise the fields that are to be keyed in by an authorizer of a transaction, for the purpose of cross-checking, when the transaction is being authorized. Complete details of the transaction will only be displayed when the authorizer re-keys the values for these fields.

Positive Tolerance

It indicates the increment, expressed as a percentage that must be made to the amount of a letter of credit, to arrive at the Maximum LC Amount.

Negative Tolerance

It indicates the reduction, expressed as a percentage that must be made to the amount of a letter of credit, to arrive at the Minimum LC Amount.

Tenor

This is the period during which a letter of credit is viable or effective.

Commission Calculation Type

This is the basis upon which commission applicable on a letter of credit is to be computed. It can be computed on a periodic or non-periodic basis.

Commission Collection Type

This is the manner in which commission applicable on a letter of credit can be collected. Commission could be collected either in advance or as arrears.

Rate Override Limit

This is the limit within which exchange rates (for an LC) are allowed to be changed over and above the default value, without requiring an override. If the rate variance exceeds this limit, an override is necessary for the changed rate to be accepted.

Rate Stop Limit

This is the limit above which a change in exchange rates (for an LC) over and above the default value cannot be specified. If the rate variance exceeds this limit, the changed rate will not be accepted.

Tracer Code

This is a unique identifier for a tracer in FLEXCUBE. A tracer is a reminder or intimation, generated by FLEXCUBE, to be sent to the parties involved in a letter of credit.

Auto Closure

It refers to closing an LC automatically after its expiry date. Usually, the date of automatic closure is specified for an LC. By default, the date for automatic closure is taken to be 30 days after the expiry date.

Automatic Reinstatement

This is the automatic restoration of the amount (value) of a revolving letter of credit for which the unutilized value is zero, in FLEXCUBE. When the Beginning of Day (BOD) process is run on any given business day, any LC's for which automatic reinstatement of value has been specified are restored in value, provided the un-availed portion of the amount is zero.

Cumulative (Revolving in time)

This is an attribute of a revolving letter of credit, according to which, the LC amount and Maximum Liability Amount is reinstated or reset based on the frequency specified for such reinstatement.

Revolves in Value

This refers to an attribute of a revolving letter of credit, according to which, the LC amount is reinstated or reset at the point when the availability under the LC is reduced to zero, due to an avallment.

Credit Type

This indicates the type of credit for which the LC is being processed, viz., Straight or Negotiable.

Credit Mode

This indicates the mode of payment through which the LC will be settled - Sight, Acceptance, Negotiation or Deferred.

Media Type

This is the medium used to send advices to each of the parties involved in a letter of credit.

Partial Shipment

This indicates transportation through shipping, in part, or of a portion of merchandise under an LC. Partial shipment is allowed only if permitted for the LC.

Trans-shipment

This indicates transportation of merchandise under an LC, by shipping across countries. Trans-shipment is allowed only if permitted for the LC.

Reference Number/Account

An LC can be linked to a deposit or a customer account. The reference number identifies the deposit that the LC is linked to, and the account identifies the customer account.

Linked Amount

This is the portion of the contract amount of a letter of credit contract that is linked to a deposit or a customer account.

Availment Type

This indicates the nature of any availment under an LC. An availment could be a payment, an acceptance, or negotiation.

Commission Collection

This indicates the collection of commission applicable on an LC. Commission may be collected by the issuing bank or the advising bank, for an LC, or against amendments to an LC.

Commission Calculation

This is the computation of commission applicable on a letter of credit.

Limit Tenor Calculation

This is the limit within which the tenor of a tenor-based letter of credit can be set.

Process Till

This parameter indicates how automatic events falling due on holidays will be processed. If the specification is 'System Date', it indicates that all the processing of events will be done till the system date only. If the specification is 'Working Day – 1', all automatic events falling due on the holiday will be processed by the batch process as part of the End of Day processes on the last working day before the holiday.

Accrual Entries Level

This refers to the level at which commission accrual entries for letters of credit must be passed, by the automatic commission accrual process. Two levels are possible – product-level, indicating that a single entry for all the LCs for which commission was accrued automatically will be passed; or contract level, wherein accrual entries will be passed for each of the LCs for which commission was accrued.

Amendment

An amendment is an advice by the issuing bank of any proposed change to the terms and conditions of a LC. Any term of an LC can be changed or deleted, or new terms can be introduced, provided the change is acceptable to all parties. The beneficiary and any confirming bank may choose to accept or reject any amendment generated by the applicant. Under UCP 600 amendment confirmation must be communicated.

Negotiating Bank

This is the bank other than the opening bank authorized within the LC terms to give value for presentation of conforming documents against a LC. This bank may be the advising or confirming bank.

Latest shipment date

This indicates the latest (last) date that may appear as the shipment or on-board date on any transport documents required by the LC. Unlike expiry dates, latest shipment dates do not extend because of holidays.

Straight LC

This refers to the LC payable only at the opening bank or a bank specified within the credit.

Transshipment

Transshipment means unloading from one means of transport and reloading to another means of transport during the carriage from the place of shipment to the place of final destination stated in the credit.

Partial Shipment

This is a portion of less than the total quantity of an order. An LC must permit partial shipments otherwise the beneficiary has to ship the full value of the LC in a single shipment.

INCO Terms

INCO terms refer to a set of 13 international standard trade terms. They allow the seller and buyer to designate a point at which costs and risks of transport are precisely divided between them.

Draft

This is a financial instrument indicating debt by one party (the drawee who is responsible for payment) to another (the drawer to whom payment is due). Drafts may be drawn at sight for immediate payment or after a certain number of days.



Letters of Credit
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