

# Oracle Banking Trade Finance Cloud Service

## Trade Finance - Automated End of Day User Guide



Release 14.8.0.0.0

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

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## Glossary

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# 1

## Preface

### 1.1 Purpose

This user manual is designed to help you quickly get acquainted with the many functions routinely executed everyday in Oracle Banking Trade Finance Cloud Service.

This user manual is a supplement to the Common Core Automated End of Day User Manual and contains only specific functionalities and information related to Oracle Banking Trade Finance Cloud Service EOD. Hence, this document should be read in conjunction with the Common Core Automated End of Day user manual from the perspective of completeness in flow and understanding.

You can obtain information specific to a particular field by placing the cursor on the relevant field, and striking <F1> on the keyboard.

### 1.2 Audience

This manual is intended for the following User/User Roles:

| Role                                  | Function                                       |
|---------------------------------------|--|
| Back office clerk                     | Input functions for contracts.                 |
| Back office managers/officers         | Authorization functions.                       |
| Product Managers                      | Product definition and authorization.          |
| End of Day operators                  | Processing during End of Day/ Beginning of Day |
| Financial Controller/Product Managers | Generation of reports                          |

### 1.3 Documentation Accessibility

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

- [Access to Oracle Support](#)

#### 1.3.1 Access to Oracle Support

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

### 1.4 Diversity and Inclusion

Oracle is fully committed to diversity and inclusion. Oracle respects and values having a diverse workforce that increases thought leadership and innovation. As part of our initiative to

build a more inclusive culture that positively impacts our employees, customers, and partners, we are working to remove insensitive terms from our products and documentation. We are also mindful of the necessity to maintain compatibility with our customers' existing technologies and the need to ensure continuity of service as Oracle's offerings and industry standards evolve. Because of these technical constraints, our effort to remove insensitive terms is ongoing and will take time and external cooperation.

## 1.5 Organization

This manual is organized as follows:

| Topics   | Description   |
|--|---|
| <b>Preface</b>   | This topic gives information on the intended audience. It also lists the various chapters covered in this User Manual.    |
| <b>Viewing Unauthorized Transactions and Functions</b> | This topic gives the list of unauthorized records that can be viewed.   |
| <b>Annexure A - List of End of Cycle Functions</b>     | This topic contains a list of all the mandatory functions run as part of the EOC cycle.                                   |
| <b>Function ID Glossary</b>                            | This topic has alphabetical listing of Function/Screen ID's used in the module with page references for quick navigation. |

## 1.6 Conventions

The following text conventions are used in this document:

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

## 1.7 Related Documents

You may need to refer to any or all of the User Manuals while working on the XP module:

- Settlements User Manual
- Core Services User Manual
- Procedures User Manual
- Common Core - Automated End of Day User Manual

## 1.8 Screenshot Disclaimer

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

## 1.9 Symbols and Icons

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

**Table 1-1 Symbols and Icons - Common**






















| Symbol/Icon   | Function   |
|---|--|
|    | Minimize   |
|    | Maximize   |
|    | Close  |
|    | Perform Search   |
|    | Open a list  |
|    | Date Range   |
|   | Add a new record   |
|  | Navigate to the first record                             |
|  | Navigate to the last record                              |
|  | Navigate to the previous record                          |
|  | Navigate to the next record                              |
|  | Grid view  |
|  | List view  |
|  | Refresh  |
|  | Click this icon to add a new row.                        |
|  | Click this icon to delete a row, which is already added. |
|  | Calendar   |



Table 1-1 (Cont.) Symbols and Icons - Common

| Symbol/Icon   | Function      |
|---|---------------|
|  | Alerts        |
|  | Unlock Option |
|  | View Option   |
|  | Reopen Option |

# 2

## Viewing Unauthorized Transactions and Functions

This chapter contains the following sections:

- [View Unauthorized Transactions](#)
- [View Branch Pending Functions](#)
- [View Unauthorized Transactions](#)  
This topic provides the systematic instructions to view unauthorized transactions.
- [View Branch Pending Functions](#)  
This topic provides the systematic instructions to view branch pending functions.

### 2.1 View Unauthorized Transactions

This topic provides the systematic instructions to view unauthorized transactions.

You can view the details of the all the unauthorized transactions from the Pending Transactions screen.

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

1. On the Homepage, type **EISTFVPT** in the text box, and click the next arrow.

Through this screen you can view details of the:

- Messages that are yet to be generated
- Transactions that are yet to be authorized

The **Trade Finance Pending Transactions** screen is displayed:

The screenshot shows the 'Trade Finance-Pending Transactions' interface. At the top, there's a search bar with icons for 'Search', 'Advanced Search', 'Reset', and 'Clear All'. To the right of the search bar is a 'Records per page' dropdown menu set to 15. Below the search bar, there's a section for 'Recommended Fields' with a note: '(Atleast input one field with minimum character(s) as mentioned in bracket)'. This section contains two search fields: 'Branch(3)' and 'Module(2)'. Below that is an 'Optional Fields' section with three search fields: 'Reference Number', 'Events', and 'ID'. The 'Search Results' section shows a table with columns: 'Branch', 'Module', 'Reference Number', 'Events', and 'ID'. The table currently displays 'No data to display'. To the right of the table is a 'Lock Columns' dropdown menu set to 0. At the bottom right corner, there is an 'Exit' button.

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

- Reference Number
  - Events
  - ID
3. Select any or all of the above parameters for a query and click '**Search**' button. The records meeting the selected criteria are displayed.

System displays the following details pertaining to the fetched records:

- Branch
- Module
- Reference Number
- Events
- ID

## 2.2 View Branch Pending Functions

This topic provides the systematic instructions to view branch pending functions.

You can view the pending functions of a branch using '**Trade Finance Pending Functions**' screen.

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

1. On the Homepage, type **EISTFVPF** in the text box, and click the next arrow.

The **Trade Finance-Pending Functions** screen is displayed.

2. In the above screen, you can base your queries on any or all of the following parameters and fetch records:
  - Branch
  - Module
  - Function Identification
  - Status
  - Function Name
3. Select any or all of the above parameters for a query and click '**Search**' button. The records meeting the selected criteria are displayed.

System displays the following details pertaining to the fetched records:

- Branch
- Module
- Function Identification
- Status
- Function Name

# 3

## Annexure A - List of End of Cycle Functions

This chapter contains the following topics:

- [Mandatory Functions of EOC Cycle](#)
- [Mandatory Functions of EOC Cycle](#)
- [EOD and BOD Batch Jobs](#)

This Annexure contains details of all the EOB and BOD Batch Jobs.

### 3.1 Mandatory Functions of EOC Cycle

This Annexure contains details of all the mandatory functions that should mandatorily run as part of the different stages of the EOC cycle.

The contents of this Annexure are organized on the basis of the module to which the function belongs.

This section contains the following topics:

- [Beginning of Day \(BOD\) Functions for All Modules](#)
- [End of Day \(EOD\) Functions for All Modules](#)
- [End of Transaction Input \(EOTI\) Functions for All Modules](#)
- [End of Financial Input \(EOFI\) Functions for All Modules](#)

#### 3.1.1 Beginning of Day (BOD) Functions for All Modules

The mandatory functions for BOD are marked with a Yes under the Mandatory Column.

| Module | Function | Frequency | Mandatory |
|--------|----------|-----------|-----------|
| LC     | LCEOD    | Daily     | Yes       |
| LC     | LCMEMACR | Daily     | Yes       |
| LI     | LIEOD    | Daily     | Yes       |
| LI     | LIMEMACR | Daily     | Yes       |
| BC     | BCACPADV | Daily     | No        |
| BC     | BCAUSTCH | Daily     | No        |
| BC     | BCFRICHG | Daily     | No        |
| BC     | BCPAYDUE | Daily     | No        |
| BC     | BCREIMBR | Daily     | Yes       |
| BC     | BCFDTADV | Daily     | No        |
| IB     | IBACPADV | Daily     | No        |
| IB     | IBAUSTCH | Daily     | No        |
| IB     | IBACPADV | Daily     | No        |
| IB     | IBFRICHG | Daily     | No        |
| IB     | IBPAYDUE | Daily     | No        |

| Module | Function | Frequency | Mandatory |
|--------|----------|-----------|-----------|
| IB     | IBREIMBR | Daily     | Yes       |
| IB     | IBFDTADV | Daily     | No        |

### 3.1.2 End of Day (EOD) Functions for All Modules

| Module | Function | Frequency | Mandatory |
|--------|----------|-----------|-----------|
| MS     | MSDTFARC | Daily     | Yes       |

### 3.1.3 End of Transaction Input (EOTI) Functions for All Modules

The mandatory functions for EOTI are marked with a Yes under the Mandatory Column.

| Module | Function | Frequency | Mandatory |
|--------|----------|-----------|-----------|
| LC     | LCEOD    | Daily     | Yes       |
| LC     | LCMEMACR | Daily     | Yes       |
| LI     | LIEOD    | Daily     | Yes       |
| LI     | LIMEMACR | Daily     | Yes       |
| BC     | BCINTACR | Daily     | Yes       |
| BC     | BCACPADV | Daily     | No        |
| BC     | BCFRICHG | Daily     | No        |
| BC     | BCREIMBR | Daily     | No        |
| BC     | BCTCRADV | Daily     | No        |
| BC     | BCAUTLIQ | Daily     | Yes       |
| BC     | BCFDTADV | Daily     | No        |
| BC     | BCAUTCLS | Daily     | No        |
| IB     | IBINTACR | Daily     | Yes       |
| IB     | IBACPADV | Daily     | No        |
| IB     | IBFRICHG | Daily     | No        |
| IB     | IBREIMBR | Daily     | No        |
| IB     | IBAUTLIQ | Daily     | Yes       |
| IB     | IBFDTADV | Daily     | No        |
| IB     | IBAUTCLS | Daily     | No        |
| LQ     | LQTFEOTI | Daily     | No        |
| TF     | UDBTFEVT | Daily     | No        |

### 3.1.4 End of Financial Input (EOFI) Functions for All Modules

The mandatory functions for EOFI are marked with a Yes under the Mandatory Column.

| Module | Function | Frequency | Mandatory |
|--------|----------|-----------|-----------|
| LC     | LCTRACER | Daily     | Yes       |
| LC     | LCDCONHD | Daily     | No        |
| LI     | LITRACER | Daily     | Yes       |
| LI     | LIDCONHD | Daily     | No        |

| Module | Function | Frequency | Mandatory |
|--------|----------|-----------|-----------|
| BC     | BCDCONHF | Daily     | No        |
| LQ     | LQTFEOTI | Daily     | Yes       |
| TF     | UDBTFEVT | Daily     | No        |

## 3.2 EOD and BOD Batch Jobs

This Annexure contains details of all the EOB and BOD Batch Jobs.

| Batch ID | Description                                  | Process                                      | Section                |
|----------|--|--|------------------------|
| BCAUTLIQ | Auto Liquidation                             | BC Auto Liquidation                          | <a href="#">3.2.1</a>  |
| BCINTACR | Interest Accruals                            | BC Interest Accruals                         | <a href="#">3.2.2</a>  |
| BCAUSTCH | Status Change                                | BC Status Change                             | <a href="#">3.2.3</a>  |
| BCFRICHG | Floating Rate Change                         | BC Floating Rate Change                      | <a href="#">3.2.4</a>  |
| BCTCRADV | Tracer Advices                               | BC Tracer                                    | <a href="#">3.2.5</a>  |
| BCFDTADV | Acceptance to Advance on Future Advance Date | Acceptance to Advance on Future Advance Date | <a href="#">3.2.6</a>  |
| IBACPADV | Acceptance Advices                           | IB Acceptance Advices                        | <a href="#">3.2.7</a>  |
| IBAUSTCH | Status Change                                | IB Status Change                             | <a href="#">3.2.8</a>  |
| IBAUTLIQ | Auto Liquidation                             | IB Auto Liquidation                          | <a href="#">3.2.9</a>  |
| IBFRICHG | Floating Rate Change                         | IB Floating Rate Change                      | <a href="#">3.2.10</a> |
| IBINTACR | Accruals                                     | IB Interest Accruals                         | <a href="#">3.2.11</a> |
| IBPAYDUE | Payment Due                                  | IB Payment Due Advice                        | <a href="#">3.2.12</a> |
| IBREIMBR | BOD Advices                                  | IB Reimbursement Claims Advice               | <a href="#">3.2.13</a> |
| IBTCRADV | Tracer Advices                               | IB Tracer                                    | <a href="#">3.2.14</a> |
| IBFDTADV | Acceptance to Advance on Future Advance Date | Acceptance to Advance on Future Advance Date | <a href="#">3.2.6</a>  |
| LCEOD    | LC End of Day                                | Automatic Reinstatement                      | <a href="#">3.2.15</a> |
| LCEOD    | LC End of Day                                | Automatic Extension of Guarantee/SBLC        | <a href="#">3.2.16</a> |
| LCEOD    | LC End of Day                                | Advance Payment                              | <a href="#">3.2.17</a> |
| LCEOD    | LC End of Day                                | Revoke Confirmation                          | <a href="#">3.2.18</a> |
| LCEOD    | LC End of Day                                | Automatic Accrual of Commission              | <a href="#">3.2.19</a> |
| BCAUTCLS | Auto Closure                                 | BC Auto Closure                              | <a href="#">3.2.20</a> |
| IBAUTCLS | Auto Closure                                 | IB Auto Closure                              | <a href="#">3.2.21</a> |
| LCEOD    | LC End of Day                                | Automatic Liquidation of Periodic Commission | <a href="#">3.2.22</a> |
| LCEOD    | LC End of Day                                | Automatic Closure of LC                      | <a href="#">3.2.23</a> |
| LCEOD    | LC End of Day                                | LC Auto Closure Batch                        | <a href="#">3.2.24</a> |
| LCEOD    | LC End of Day                                | LC Automatic Status Update Batch             | <a href="#">3.2.25</a> |
| LCEOD    | LC End of Day                                | Status Change Batch Processing               | <a href="#">3.2.26</a> |
| LCEOD    | LC End of Day                                |  | <a href="#">3.2.27</a> |

| Batch ID | Description          | Process                                      | Section                |
|----------|----------------------|--|------------------------|
| LCMEMACR | Memo Accrual         | Memo Accrual                                 | <a href="#">3.2.28</a> |
| LCTRACER | Tracers              | Tracers                                      | <a href="#">3.2.29</a> |
| LIEOD    | End of Day           | Automatic Reinstatement                      | <a href="#">3.2.30</a> |
| LIEOD    | End of Day           | Automatic Extend Guarantee                   | <a href="#">3.2.31</a> |
| LIEOD    | End of Day           | Advance Payment                              | <a href="#">3.2.32</a> |
| LIEOD    | End of Day           | Revoke Confirmation                          | <a href="#">3.2.33</a> |
| LIEOD    | End of Day           | Automatic Liquidation of Periodic Commission | <a href="#">3.2.34</a> |
| LIEOD    | End of Day           | Automatic Accrual of Commission              | <a href="#">3.2.35</a> |
| LIEOD    | End of Day           | Automatic Closure                            | <a href="#">3.2.36</a> |
| LIMEMACR | Memo Accrual         | LI Memo Accrual                              | <a href="#">3.2.37</a> |
| LITRACER | Tracers              | Tracers                                      | <a href="#">3.2.38</a> |
| LQTFEOD  | LQ EOD Liquidation   | LQ EOD Liquidation                           | <a href="#">3.2.18</a> |
| UDBTFEVT | UDE Event Processing | UDE Event Processing                         | <a href="#">3.2.19</a> |

- [Automatic Liquidation of Bill](#)  
This topic describes the automatic liquidation of bill.
- [BC Interest Accruals](#)
- [Automatic Status Changes](#)
- [Floating Rate Change](#)
- [Tracer Generation](#)
- [Acceptance to Advance on Future Advance Date](#)
- [Automatic Change from Acceptance to Advance](#)
- [Automatic Status Changes](#)
- [Automatic Liquidation of Bills](#)
- [Floating Rate Change](#)
- [Automatic Accrual of Profit](#)
- [Automatic Generation of a Payment Due Advice](#)
- [Automatic Generation of Reimbursement Claims](#)
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- [Revoke Confirmation Contingent Entries Reversal](#)
- [Automatic Accrual of Commission](#)
- [BC Auto Closure](#)
- [IB Auto Closure](#)
- [Automatic Liquidation of Periodic Commission](#)



- [Automatic Closure of LC](#)
- [LC Auto Closure Batch](#)
- [LC Automatic Status Update Batch](#)
- [Status Change Batch Processing](#)
- [Memo Accrual of Commission](#)
- [Generate Tracers](#)
- [Reinstatecontracts](#)
- [Automatic Extension of Guarantee/SBLC](#)
- [Liability Changes Schedule](#)
- [Automatic Liquidation of Periodic Commission](#)
- [Automatic Accrual of Commission](#)
- [Automatic Closure of an Islamic LC](#)
- [Memo Accrual of Commission](#)
- [Generating Tracers](#)
- [Processing LQ EOD Batch](#)
- [Trigger User Defined Events Automatically](#)  
This topic provides the systematic instructions to trigger user defined events automatically.

### 3.2.1 Automatic Liquidation of Bill

This topic describes the automatic liquidation of bill.

The auto-liquidation function liquidates all the outstanding components of a Bill contract on the liquidation date specified for the bill. To recall the liquidation date is calculated in the following manner:

**Maturity Date = Base Date + tenor + transit days.**

This function will liquidate only active bills for which you have specified the liquidation method is automatic. The pertinent details of the bill with respect to tax, limits, interest and charges will be updated to indicate that the bill has been liquidated and authorized.

When running as part of the BOD process, the function automatically liquidates all the bills that have a liquidation date between the last working date and the current processing date. When running as part of EOD, the function liquidates those bills that were processed during the day and need to be liquidated as on the current day. If the next working day is a holiday, and you specified that in the branch parameters screen that holiday processing should be done upto the last working day - 1 such bill will be liquidated as part of the BOD run on the previous day.

If the option 'Verify Funds' is checked at product level or 'Advance By Loan' / 'Settle available amount' is selected at the contract level or Main settlement account has 'External Credit Approval Required' in "STDCRACC – External Account Input Screen", System initiates ECA before liquidating the contract.

If the option 'Verify Funds' is checked for the product, approved block amount will be fetched from ECA response which was initiated in BCAUTLIQ batch and will be proceed further. If the fund is not sufficient then LIQF will be triggered for the particular contract.

If the option 'Advance By Loan' / 'Settle available amount' Bill will be liquidated for the outstanding amount. If customer account is not having sufficient fund, Loan will be initiated for the remaining amount.

If Main settlement account has 'External Credit Approval Required', if ECA is approved LIQD will be triggered otherwise LIQF will be triggered.

In case of reimbursement bills, if the fund in the account is insufficient for liquidation. We will receive failure response for ECA request which was sent during BCAUTLIQ batch and LIQF event will be triggered and generates a message for the claiming bank and the issuing bank. This message needs to be configured for the LIQF event.

The system triggers the LIQF events as many times as the number specified in Auto Liquidation Retry Count in the Product Preferences screen. When LIQF event is generated for the first time, MTN99 advice message is generated to issuing and claiming banks. During subsequent attempts, the system does not generate MTN99 in issuing and claiming banks.

On successful automatic liquidation of a bill, the system generates MT202/Message configured to the issuing banks, if this has been configured at the product level. In the case of non-reimbursement bills, if the funds in the account are insufficient, the system does not process automatic liquidation. The system will attempt to liquidate the bill during the subsequent batches. The bills falling due for liquidation on holiday are processed during End of Day on the last working day before the holiday.

- [ECA Request Creation Batch](#)  
This topic describes the ECA request creation batch.
- [Account Entries that are Passed](#)
- [Account Entries Passed for a Status Change](#)
- [Advices](#)
- [Holiday Processing](#)
- [Creation of Loan during Auto Liquidation](#)
- [Delink of CASA/CD during Auto Liquidation](#)
- [Delink and Utilization of FX Linkage during Auto Liquidation](#)

### 3.2.1.1 ECA Request Creation Batch

This topic describes the ECA request creation batch.

This function trigger the generation of ECA request to accounting system for liquidating an active contract with verify funds option at product level or settle available amount and advance by loan at contract level options are selected. Based on the request sent to accounting system, we will receive successful response with either full or partial amount block. In case of failure response contract will be skipped for the day and will be processed during next EOD.

This function is to avoid failure of liquidation event in case of insufficient funds in customer account.

BCAUTLIQ is the batch ID for ECA request creation batch. The purpose of this batch is to avoid failure of liquidation event in case of insufficient funds in customer account.

For verification the balance, verify funds flag at product level or settle available amount and advance by loan options are selected in additional tab at contract level. Then during batch processing, ECA request is initiated to block the liquidation amount (full or Partial) before processing actual liquidation. In case of any issues during ECA request creation then liquidation of contract will be skipped for the day and will be processed during next EOD.

It is mandatory to execute this batch before auto liquidation batch. No Accounting entries will be passed during this batch execution.

### 3.2.1.2 Account Entries that are Passed

When a bill is automatically liquidated by the function, the necessary accounting entries specified for the liquidation event (LIQD) will be booked and automatically authorized.

### 3.2.1.3 Account Entries Passed for a Status Change

If the liquidation of the bill involves a status change, the accounting entries defined for the status change event (STCH) of the bill automatically passed when the bill moves from one status to another. Further, if you have indicated the following:

- The accrual entries passed till date should be reversed when the bill moves into a specific status, the function will reverse all the accrual entries booked for the bill till date.
- The bill amount should be transferred to a new GL head when the bill moves to a particular status, the accounting entries for transferring the bill amount to a new GL head is automatically passed.
- The accrued amounts should be moved to a new GL head when the bill moves to a particular status, the accounting entries for transferring the accrued amounts of the bill to the new GL head will be automatically passed.

### 3.2.1.4 Advices

The advices specified for the liquidation event (LIQD) for the product associated in the bill will be automatically generated.

### 3.2.1.5 Holiday Processing

If the liquidation of a bill falls due on a holiday, the liquidation will be done as per your holiday handling specifications for automatic processes, in the Branch Parameters screen.

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

### 3.2.1.6 Creation of Loan during Auto Liquidation

The system creates loans for the shortfall amount during auto liquidation of a bill contract. For such loan creation, the statuses of the following check boxes are considered:

- Advance by Loan
- Settle Available Amount
- Liquidate Using Collateral

If you have checked the options Advance by Loan and Settle Available Amount; The bill contract is liquidated as given below:

- The system verifies the amounts of customer account balance and the OD limit for liquidating the bill based on approved block amount received in response to request sent to accounting system during ECA batch. Refer section 9.4.1.1 for more details
- The balance amount is then debited from the customer based on availability in order to adjust the shortfall.
- If the customer account balance is not sufficient, the system creates a loan for the shortfall amount during auto liquidation. This loan is created based on the loan preferences maintained for the product.

If you have checked the option 'Liquidate Using Collateral' along with 'Advance by Loan' and 'Settle Available Amount', the bills contract is liquidated as given below.

The system adjusts the collateral amount towards settling the balance of the bill. In case the value of the collateral is not sufficient to liquidate the bill, the system checks the customer account balance for the remaining liquidation amount and adjusts that amount towards the settlement.

If the collateral amount is not sufficient, the system creates a loan for the shortfall amount. Now, suppose that you have checked the option 'Advance by Loan'. At the same time, the options 'Settle Available Amount' and 'Liquidate Using Collateral' are not checked. In that case, the system creates a loan for the entire bill outstanding amount without checking any of the available balances.

Consider the following examples:

Collateral is less than the bill amount:

Consider a bill for an amount of GBP 10000. The following check boxes are checked.

- Advance by Loan
- Liquidate Using Collateral
- Settle Available Amount

The properties of the collateral and the customer account balance are given below:

- Collateral: GBP 3000
- Customer Account Balance: GBP 4000

While liquidating, initially, the system recovers GBP 3000 from the collateral. Further GBP 4000 is debited from the customer account. These amounts together settle GBP 7000 of the total bill amount of GBP 10000. For the remaining GBP 3000, the system creates a loan. The system passes the following accounting entries on liquidation:

**Table 3-1 Accounting entries on liquidation**

| Account        | Debit/Credit | Amount |
|----------------|--------------|--------|
| Collateral A/c | Debit        | 3000   |
| Nostro A/c     | Credit       | 3000   |
| Customer A/c   | Debit        | 4000   |
| Nostro A/c     | Credit       | 4000   |
| Loan Bridge GL | Debit        | 3000   |
| Nostro A/c     | Credit       | 3000   |

Collateral is greater than the bill amount:

Consider a bill for an amount of GBP 10000. The following check boxes are checked.

- Advance by Loan
- Liquidate Using Collateral
- Settle Available Amount

The properties of the collateral and the customer account balance are given below: Collateral: GBP 12000.

- Here the collateral amount is more than the Bill Amount so that the full collateral amount is assigned to the debit.
- leg (S01).
- The remaining amount is computed by subtracting the collateral amount from the bill liquidation amount, and the amount is negative.
- If this remaining amount is negative, then the same will be assigned to split tag master (S02) with the negative value and with the Customer Account details. This will credit the excess amount to the customer's account.

While liquidating, initially, the system recovers GBP 10000 from the collateral. Further GBP 2000 is credited to the customer account.

The system passes the following accounting entries on liquidation:

| Account        | Debit/Credit | Amount |
|----------------|--------------|--------|
| Collateral A/c | Debit        | 12000  |
| Nostro A/c     | Credit       | 10000  |
| Customer A/c   | Credit       | 2000   |

### 3.2.1.7 Delink of CASA/CD during Auto Liquidation

The system creates Close Deposit/Close amount block request during auto liquidation of a bill contract for the attached Deposit/Amount block. Linkages will be delinked automatically on batch processing.

### 3.2.1.8 Delink and Utilization of FX Linkage during Auto Liquidation

The system creates Delink request during auto liquidation when a bill/Islamic bill is drawn under LC/LI, delink of FX at BC is allowed only if the linked FX is not utilized by the bill/Islamic bill. The system creates Utilization request during auto liquidation when the linked FX is utilized by bill/Islamic bill. Current Utilized amount will display the liquidated amount of BC contract. It cannot go beyond the linked FX amount. Total Utilized amount will display the total amount utilized against the corresponding linked FX. On query, both Utilized and Total Utilized amount holds the amount of latest version.

## 3.2.2 BC Interest Accruals

While defining interest components for a billing product in the Product, ICCB details screen, you specified whether accruals need to be done for the accruable interest components. For a product, accruals should be done, then the frequency of accrual should also be specified for a product (through the Product Preferences screen, at the time of product definition).

This function when running as part of the batch process run at EOD calculates the accrual amount and passes accrual accounting entries for the accruable tenor based interest components of a bill. The Automatic Accrual function will pick up bills for processing on the following criterion:

- Active and authorized bills which are not yet liquidated.
- Bills whose accrual date falls on the current processing date or bills whose accrual date falls between the current processing date and the next working date.

The date on which accrual is due for a bill is calculated based on the accrual date and accrual frequency defined for the product associated with the bill.

When the function automatically accrues the interest components of a bill, is done the accounting entries defined for the accrual event (ACCR) are passed and the internal accounts will be updated with the accrual related details.

If the accrual date of a bill falls on a holiday, the accruals are done as per your holiday handling specifications for automatic processes, in the Branch Parameters screen.

The list of bills whose commission components were accrued is printed in the Accrual Control report.

 **Note:**

This function will not accrue interest for bills that have moved into a user defined status for which accruals have been stopped.

### 3.2.3 Automatic Status Changes

A bill that is yet to reach its repayment date is considered as having an Active status. When repayment against the bill is not made on the due date, you may want to do an aging analysis of the bill.

A forward status change is one in which a bill moves from a given user defined status to another in the forward direction.

A reverse status change is one in which the status of a bill changes from a given status to the previous status defined for the bill. Such a situation arises when a payment is made on a bill whose status is not active.

This function will automatically pickup and move bills from one user defined status to another (either forward or reverse) only if the bill matches the following criterion:

- The bill is Active and Authorized
- You have indicated automatic status change for the bill
- The criteria for a status change have been met - That is, any of the components of the bill remain unpaid for the number of transfer days defined for the status.

### 3.2.4 Floating Rate Change

While defining Floating Rates, you have the option of indicating whether the floating rates should automatically be applied to the bill every time they change, in the Product ICCB screen.

The Automatic Floating Rate Change function run as part of EOD. This function will pick up:

- Active and authorized bills
- Bills for which you have specified automatic Floating Rate change

Every time the Floating rates change, the new rates will be applied for the number of days for which they remained unchanged in the rate table.

This is indicated in the example below.

The rates in the floating rate table change in the following manner:

**Table 3-2 Floating rate**

| Effective Date  | Rate  |
|-----------------|-------|
| 1 October 1999  | 12%   |
| 12 October 1999 | 11.5% |
| 25 October 1999 | 11%   |

The rates will be applied for the number of days for which they remain unchanged in the rate table, as follows:

| From            | To              | Rate  |
|-----------------|-----------------|-------|
| 1 October 1999  | 11 October 1999 | 12%   |
| 12 October 1999 | 24 October 1999 | 11.5% |
| 25 October 1999 | 31 October 1999 | 11%   |

You have entered a bill, which has a Base Date as 1 October 1999 and matures on 30 November 1999. The interest accrual frequency is to be monthly. The bill has been linked to a floating interest rate.

If the first interest accrual is to be done on 31 October, all the rate changes between 1 October and 31 October will be considered automatically.

## 3.2.5 Tracer Generation

Specify the tracers are generated for a bill in the Bills - Contract Exceptions screen. This function triggers the generation of tracers specified for active authorized bills on the day they fall due. Tracers can be triggered for a generation as part of BOD, EOD or can be loaded at any time during the day. This function is available in the Application Browser through Bills & Collections and Batch under it. The date on which a tracer should be generated for a bill is determined by the entries you made to the fields of the Contract Exceptions screen.

The following tracers will be generated by the function:

- Tracer for release of reserve
- Tracer for Non-Payment
- Tracer for Non-Acceptance
- Tracer for Payment of Charges
- Tracer for Discrepancies Approval

## 3.2.6 Acceptance to Advance on Future Advance Date

For Import Usance Bills under LC, Future Advance date can be provided. If Future advance is provided, during BOD system will pick the bills which is having future advance date and it will trigger the change of operation from Acceptance to Advance. BADV event get triggered and related accounting entries and messages will get generated.

This batch will automatically pickup the bills and do the change of operation from Acceptance to Advance only if the bill matches the following criterion:

- Bill is Active and Authorized
- Bills with Future Advance Date
- Bills whose future advance date less than or equal to the current processing date. New batch job ( BCFDTADV) is introduced for this change of operation

## 3.2.7 Automatic Change from Acceptance to Advance

To recall, while defining preferences for a product, you have the option to indicate whether the movement of a bill from acceptance to advance should be done automatically or manually. This preference that you state for a product will be inherited by all the bills linked to the product.

The Automatic Change from Acceptance to Advance function can be run as part of EOD This function, will pick up for processing, only bills which are:

- Active and authorized.
- Bills for which you have specified automatic change from acceptance to Advance.

On moving a bill from acceptance to advance, the accounting entries passed for the event Change from Acceptance to Advance (BADV) will be automatically passed.

## 3.2.8 Automatic Status Changes

A bill that is yet to reach its repayment date is considered as having an Active status. When repayment against the bill is not made on the due date, you may want to do an aging analysis of the bill. A forward status change is one in which a bill moves from a given user defined status to another in the forward direction.

A reverse status change is one in which the status of a bill changes from a given status to the previous status defined for the bill. Such a situation arises when a payment is made on a bill whose status is not active.

This function will automatically pickup and move bills from one user defined status to another (either forward or reverse) only if the bill matches the following criterion:

- The bill is Active and Authorized.
- You have indicated automatic status change for the bill.
- The criteria for a status change have been met. That is, any of the components of the bill remain unpaid for the number of transfer days defined for the status.

If you specify that forward or reverse status changes have to be carried out automatically, the status changes will be carried out automatically when the Contract Status Change Processing function is run either as part of BOD or EOD on the day the status change falls due.

- [Accounting Entries that are Passed](#)
- [Advices that are Generated](#)
- [Holiday Processing](#)

### 3.2.8.1 Accounting Entries that are Passed

The accounting entries defined for the status change event (STCH) of the bill will be automatically passed when the bill moves from one status to another.

Further, if you have indicated:

- That the accrual entries passed till date should be reversed when the bill moves into a specific status, the function will reverse all the accrual entries booked for the bill till date.



- That the bill amount should be transferred to a new GL head when the bill moves to a particular status, the accounting entries for transferring the bill amount to a new GL head will be automatically passed.
- That the accrued amounts should be moved to a new GL head when the bill moves to a particular status, the accounting entries for transferring the accrued amounts of the bill to the new GL head will be automatically passed.

### 3.2.8.2 Advices that are Generated

The advices will be automatically triggered for generation to notify the customer about the status change. They would possibly urge the party to pay the amount due and liquidate the aging components of the bill.

### 3.2.8.3 Holiday Processing

If the day on which the forward or reverse status change is due happens to be a holiday, then, the processing of such bills will depend on your specifications in the Branch Parameters screen.

If you specify that the forward or reverse changes should not be carried out automatically, the status remains unchanged (even if repayment is made on the bill) till you specifically change it for a bill. You can manually change the status of a bill through the Islamic Bills - Contract Details screen.

## 3.2.9 Automatic Liquidation of Bills

The auto-liquidation function liquidates all the outstanding components of a bill contract on the liquidation date specified for the bill. To recall, the liquidation date is calculated in the following manner:

**Maturity Date = Base Date + tenor + transit days**

This function will liquidate only active bills for which you have specified the liquidation method as automatic. The pertinent details of the bill with respect to tax, limits, profit and charges will be updated to indicate that the bill has been liquidated and authorized.

When we run as part of the BOD process, the function automatically liquidates all the bills that have a liquidation date between the last working date and the current processing date.

When we run as part of EOD the function liquidates those bills that was processed during the day and need to be liquidated as on the current day. If the next working day is a holiday, and you specified that in the branch parameters screen that holiday processing should be done up to the last working day - 1 such bills will be liquidated as part of the BOD run on the previous day.

If Main settlement account has 'External Credit Approval Required', if ECA is approved LIQD will be triggered otherwise LIQF will be triggered.

When a bill is automatically liquidated by the function the necessary accounting entries specified for the liquidation event (LIQD) will be booked and automatically authorized.

- [ECA Request Creation Batch](#)
- [Accounting Entries Passed for a Status Change](#)

### 3.2.9.1 ECA Request Creation Batch

This function triggers the generation of ECA request to accounting system for liquidating an active contract with verify funds option at product level or settle available amount and advance by loan at contract level options are selected. Based on the request sent to accounting system, we will receive successful response with either full or partial amount block. In case of failure response contract will be skipped for the day and will be processed during next EOD. This function is to avoid failure of liquidation event in case of insufficient funds in customer account.

### 3.2.9.2 Accounting Entries Passed for a Status Change

If the liquidation of the bill involves a status change, the accounting entries defined for the status change event (STCH) of the bill will be automatically passed when the bill moves from one status to another. Further, if you have indicated the following:

- The accrual entries passed till date should be reversed when the bill moves into a specific status, the function will reverse all the accrual entries booked for the bill till date.
- The bill amount should be transferred to a new GL head when the bill moves to a particular status, the accounting entries for transferring the bill amount to a new GL head will be automatically passed.
- The accrued amounts should be moved to a new GL head when the bill moves to a particular status, the accounting entries for transferring the accrued amounts of the bill to the new GL head will be automatically passed.

### 3.2.10 Floating Rate Change

While defining Floating Rates, you have the option of indicating whether the floating rates should automatically be applied to the bill every time they change, in the Product ICCB screen.

The Automatic Floating Rate Change function can be run as part of EOD. This function will pick up following Bills:

- Active and authorized bills.
- Bills for which you have specified automatic Floating Rate change.

Every time the Floating rates change, the new rates will be applied for the number of days for which they remained unchanged in the rate table.

### 3.2.11 Automatic Accrual of Profit

While defining profit components for a bill product in the Product, ICCB details screen, you specified whether accruals need to be done for the accruable profit components. For a product, accruals should be done, and then the frequency of accrual should also be specified for a product (through the Product Preferences screen, at the time of product definition).

This function when run as part of the batch process run at EOD, calculates the accrual amount and passes accrual accounting entries for the accruable tenor based profit components of a bill.

The Automatic Accrual function will pick up bills for processing on the following criterion:

- Active and authorized bills which are not yet liquidated.
- Bills whose accrual date falls on the current processing date or bills whose accrual date falls between the current processing date and the next working date.

The date on which accrual is due for a bill is calculated based on the accrual date and accrual frequency defined for the product associated with the bill.

When the function automatically accrues the profit components of a bill, is done the accounting entries defined for the accrual event (ACCR) will be passed and the internal accounts will be updated with the accrual related details.

If the accrual date of a bill falls on a holiday, the accruals are done as per your holiday handling specifications for automatic processes, in the Branch Parameters screen.

The list of bills whose commission components were accrued will be printed in the Accrual Control report.

 **Note:**

This function will not accrue profit for bills that have moved into a user defined status for which accruals have been stopped.

## 3.2.12 Automatic Generation of a Payment Due Advice

Payment due advices are automatically generated at BOD for incoming collections based on the preferences that you specify in the IBC Product preferences screen.

## 3.2.13 Automatic Generation of Reimbursement Claims

The Automatic Floating Rate Change function can be run as part of EOD.

Reimbursement claims Claim (MT 742) are automatically generated for export bills under LCs (with deferred payment) based on the generation preferences that you specified while processing the bill.

However, for reimbursement claims to be automatically generated as part of BOD, you need to check against the reimbursement option in this screen.

- [Advices](#)
- [Delink of CASA/CD during Auto Liquidation](#)
- [Delink and Utilization of FX Linkage during Auto Liquidation](#)
- [Holiday Processing](#)

### 3.2.13.1 Advices

The advices specified for the liquidation event (LIQD) for the product associated in the bill will be automatically generated.

### 3.2.13.2 Delink of CASA/CD during Auto Liquidation

The system creates Close Deposit/Close amount block request during auto liquidation of a bill contract for the attached Deposit/Amount block. Linkages will be delinked automatically on batch processing.

### 3.2.13.3 Delink and Utilization of FX Linkage during Auto Liquidation

The system creates Delink request during auto liquidation when a bill/Islamic bill is drawn under LC/LI, delink of FX at BC is allowed only if the linked FX is not utilized by the bill/Islamic bill. The system creates Utilization request during auto liquidation when the linked FX is utilized by bill/Islamic bill. Current Utilized amount will display the liquidated amount of BC contract. It cannot go beyond the linked FX amount. Total Utilized amount will display the total amount utilized against the corresponding linked FX. On query, both Utilized and Total Utilized amount holds the amount of latest version.

### 3.2.13.4 Holiday Processing

If the liquidation of a bill falls due on a holiday, the liquidation will be done as per your holiday handling specifications for automatic processes, in the Branch Parameters screen.

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

### 3.2.14 Tracer Generation

You specified the tracers that should be generated for a bill in the Bills - Contract Exceptions screen. This function triggers the generation of tracers specified for active authorized bills on the day they fall due.

Tracers can be triggered for generation as part of BOD, EOD or can be loaded at any time during the day. This function is available in the Application Browser through Bills & Collections and Batch under it. The date on which a tracer should be generated for a bill is determined by the entries you made to the fields of the Contract Exceptions screen.

The following tracers will be generated by the function:

- Tracer for release of reserve
- Tracer for Non-Payment
- Tracer for Non-Acceptance
- Tracer for Payment of Charges
- Tracer for Discrepancies Approval
- [Advices](#)

#### 3.2.14.1 Advices

An advice of the bill is generated whenever the corresponding tracer for the exception is generated.

## 3.2.15 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 rein- statement is done subject to the Maximum Liability and the Maximum LC Amount allowed for the contract. The un-utilized 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 un-availed 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.

 **Note:**

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 rein- stated, but were not, will figure in the Exception Report.

For those products for which accruals/depreciation cycle is due for the day. In case of interfund subscriptions, the system does not calculate the profit for the investing fund.

This is an intra day process that is applicable only to fund branches.

Intra Day Accruals work in line with the normal end of day accruals. Intra day accrual will process in the same manner as an End of Day (EOD) batch. In LC module, it is processed based on the branch level accrual parameters.

## 3.2.16 Automatic Extension of Guarantee/SBLC

The Automatic Extension of Guarantees/SBLCs batch to be configured as part of LCEOD Batch:

- To be processed during BOD
- To be processed during previous EOD, if Extension date is a holiday.

Undertaking with Automatic Extension Period to be considered for automatic extension.

Automatic extension to be processed similar to amendment of expiry date without beneficiary confirmation.

- AMND event to be triggered
- Guarantee issue date will remain the same
- Revised Expiry Date to be computed based on Extension Period. Calendar Days to be considered for extension
  - If Extension Period is Days, revised expiry date to be Current Expiry Date + Number of Days
  - If Extension Period is ONEY, revised expiry date will be same day next year
- Tenor to be recomputed based on revised expiry date.
- Claim Expiry Date, Closure Date and Stop Date to be computed based on extended expiry date.
- Commission to be computed for the extended period based on revised Claim Expiry Date.
- Limit Tracking to be done based on the revised Claim Expiry Date.
- No impact on Collateral.
- Default amendment advice, GUA\_AMND\_INSTR, will be generated.
- Default FFTs defined at Product will be applicable.

Contracts for which Automatic extension has failed will be picked up during subsequent EODs. Automatic extension will not be applicable beyond Final Expiry Date (Application Date  $\geq$  Final Expiry Date). Automatic extension will not be applicable if Notification period is provided.

If the newly derived Expiry Date falls beyond the Final Expiry Date, then system will update the New Expiry Date as Final Expiry Date (least of Final Expiry Date and Newly derived Expiry Date).

## 3.2.17 LCEOD Batch Enhanced to Support Liability Change Schedule

- To be processed during BOD.
- To be processed during previous EOD, if processing date is a holiday.
- Guarantees with Liability type as Time based to be processed:
  - System will initiate Guarantee amendment with decrease in Contract amount when liability type is decrease.
  - System will initiate Guarantee amendment with increase in Contract amount when liability type is increase.
- New event LAMS introduced to initiate liability change. Processing will be similar to amendment AMND.

- Maintenance:
  - LAMS event should be defined for applicable products.
  - Accounting entries and Messages should be defined for LAMS event similar to AMND.
- Processing will be similar to amendment (AMND):
  - LAMS will be version creation event.
  - Liability change will be without Beneficiary Confirmation.
  - Commission will be computed for the increased/decreased (similar to amendment AMND)
  - Limit Tracking for increased / decreased amount (similar to amendment AMND)
  - Collateral will be collected or refunded (similar to amendment AMND)
  - Amendment advice, GUA\_AMND\_INSTR (MT767), will be generated
  - Accounting entries will be generated based on maintenance.
- Liability change schedules failed will be picked up during subsequent EODs.

### 3.2.18 Revoke Confirmation Contingent Entries Reversal

LCEOD Batch enhanced to support Revoke Confirmation Contingent Entries Reversal:

- To be processed during EOD
- To be processed during next EOD, if processing date is a holiday
- System will pick the contracts in the EOD which is eligible for revoke confirmation contingent entries reversal.
- Contracts which are eligible is that confirmed contracts which is amended before expiry date and extend confirmation is not checked.

For example,

an LC of USD 10000 is issued on 01-Jun and the expiry date is 01-Aug. On 15th July contract amended and the expiry date increased from 01-Aug to 01-Sep and extend confirmation is unchecked. So on the 01-Aug EOD this contracts get picked up and the contingent entries get posted for the available confirmed amount as below.

**Table 3-3 During Issuance**

| Dr/Cr | Account Role Code | Amount Tag      | LCY Amount | LCY Amount Description |
|-------|-------------------|-----------------|------------|------------------------|
| Dr    | LC_CNF            | CNF_LIAB_OS_AMT | 10000      | Confirmed LC Amount    |
| Cr    | LC_CNF_OFF        | CNF_LIAB_OS_AMT | 10000      | Confirmed LC Amount    |

**Table 3-4 During EOD**

| Dr/Cr | Account Role Code | Amount Tag         | LCY Amount | LCY Amount Description |
|-------|-------------------|--------------------|------------|------------------------|
| Cr    | LC_CNF            | CNF_LIAB_DECR_AMT  | 10000      | Confirmed LC Amount    |
| Dr    | LC_CNF_OFF        | CNF_LIAB_DECR_AMT  | 10000      | Confirmed LC Amount    |
| Dr    | LC_OCU            | UNCF_LIAB_INCR_AMT | 10000      | UnConfirmed LC Amount  |

**Table 3-4 (Cont.) During EOD**

| Dr/Cr | Account Role Code | Amount Tag             | LCY Amount | LCY Amount Description |
|-------|-------------------|------------------------|------------|------------------------|
| Cr    | LC_CNF_OFF        | UNCF_LIAB_INCR_AM<br>T | 10000      | UnConfirmed LC Amount  |

- System also releases the limits for the confirmed amount.
- New event RVCE introduced to initiate Reversal of Contingent Entries.
- Maintenance:
- RVCE event should be defined for applicable products
- Accounting entries should be defined for RVCE event
- RVCE will be no version creation event.
- Accounting entries will be generated based on maintenance
- For failed contracts it will be picked up during subsequent EODs.

### 3.2.19 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

**Table 3-5 Accounting Entries**

| Role          | Role Description                   | Amount Tag | Dr/Cr |
|---------------|------------------------------------|------------|-------|
| COMM_CUST_ACC | Customer account                   | Commission | Dr.   |
| CENC          | Commission Earned<br>Not Collected | Commission | Cr.   |

If collected in Advance,

**Table 3-6 Accounting Entries**

| Role          | Role Description                  | Amount Tag     | Dr/Cr |
|---------------|-----------------------------------|----------------|-------|
| COMM_CUST_ACC | Customer account                  | Accrual amount | Dr.   |
| COMM_RIA      | Commission Received<br>in Advance | 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 topic on Reports.

### 3.2.20 BC Auto Closure

On the maturity date of the bill, batch checks for the outstanding amount less than or equal to the computed threshold value maintained in product maintenance BCDPRMNT. In case of cross currencies between contract and the product "Standard Mid" rate is considered for computing the threshold amount. If the contract met the criteria it will be taken for processing auto closure. On successful completion of auto closure batch bill will be Closed and Closure advice will be generated with "Closure Reason" as "Residual Balance Auto Closed". Details can be viewed in BCDTRONL screen.

**Table 3-7 Scenario 1:**

| Flow                                  | Detail         | Currency |
|---------------------------------------|----------------|----------|
| Bill Product                          | EUNA           |          |
| Threshold Amount                      | 100            | GBP      |
| Threshold Percentage for Auto Closure |                |          |
| Auto Closure Value                    |                |          |
| Bill Amount                           | 100000         | USD      |
| Bill Outstanding Amount               | 900            | USD      |
| Exchange Rate                         | 1.3            | GBP/USD  |
| Threshold Amount in Bill Currency     | $100/1.3 = 77$ | USD      |

- Bill is not eligible for auto closure as the bill outstanding amount 900 USD > Threshold amount 77 USD

**Table 3-8 Scenario 2:**

| Flow                                  | Detail               | Currency |
|---------------------------------------|----------------------|----------|
| Bill Product                          | EUNA                 |          |
| Threshold Amount                      |                      |          |
| Threshold Percentage for Auto Closure | 1                    |          |
| Auto Closure Value                    |                      |          |
| Bill Amount                           | 100000               | USD      |
| Bill Outstanding Amount               | 900                  | USD      |
| Exchange Rate                         | 1.3                  | GBP/USD  |
| Threshold Amount in Bill Currency     | $100000*1/100= 1000$ | USD      |

- Bill is eligible for auto closure as the bill outstanding amount 900 USD < Threshold amount 1000 USD

**Table 3-9 Scenario 3:**

| Flow         | Detail | Currency |
|--------------|--------|----------|
| Bill Product | EUNA   |          |

**Table 3-9 (Cont.) Scenario 3:**

| Flow   | Detail                          | Currency |
|--|---------------------------------|----------|
| Threshold Amount                                     | 100                             | GBP      |
| Threshold Percentage for Auto Closure                | 1                               |          |
| Auto Closure Value                                   | Higher of percentage and Amount |          |
| Bill Amount  | 100000                          | USD      |
| Bill Outstanding Amount                              | 900                             | USD      |
| Exchange Rate  | 1.3                             | GBP/USD  |
| Threshold Amount in Bill Currency (Amount Basis)     | $100/1.3 = 77$                  | USD      |
| Threshold Amount in Bill Currency (Percentage Basis) | $100000*1/100 = 1000$           | USD      |
| Threshold Amount in Bill Currency (Amount Basis)     | 1000                            | USD      |

- Bill is eligible for auto closure as the bill outstanding amount 900 USD < Threshold amount 1000 USD

**Table 3-10 Scenario 4:**

| Flow  | Detail                         | Currency |
|---|--------------------------------|----------|
| Bill Product  | EUNA                           |          |
| Threshold Amount  | 100                            | GBP      |
| Threshold Percentage for Auto Closure                           | 1                              |          |
| Auto Closure Value  | Lower of percentage and Amount |          |
| Bill Amount   | 100000                         | USD      |
| Bill Outstanding Amount   | 900                            | USD      |
| Exchange Rate   | 1.3                            | GBP/USD  |
| Threshold Amount in Bill Currency (Amount Basis)                | $100/1.3 = 77$                 | USD      |
| Threshold Amount in Bill Currency (Percentage Basis)            | $100000*1/100 = 1000$          | USD      |
| Final Threshold Amount based on Higher of percentage and Amount | 77                             | USD      |

- Bill is not eligible for auto closure as the bill outstanding amount 900 USD > Threshold amount 77 USD

### 3.2.21 IB Auto Closure

On the maturity date of the bill, batch checks for the outstanding amount less than or equal to the computed threshold value maintained in product maintenance IBDPRMNT. In case of cross currencies between contract and the product "Standard Mid" rate is considered for computing the threshold amount. If the contract met the criteria it will be taken for processing auto closure. On successful completion of auto closure batch bill will be Closed and Closure advice will be

generated with "Closure Reason" as "Residual Balance Auto Closed". Details can be viewed in IBSTRONL screen

### 3.2.22 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::

If collected in Arrears

**Table 3-11 Accounting Entries**

| Role          | Role Description                   | Amount Tag | Dr/Cr |
|---------------|------------------------------------|------------|-------|
| COMM_CUST_ACC | Customer account                   | Commission | Dr.   |
| CENC          | Commission Earned<br>Not Collected | Commission | Cr.   |

If collected in Advance,

**Table 3-12 Accounting Entries**

| Role          | Role Description                  | Amount Tag     | Dr/Cr |
|---------------|-----------------------------------|----------------|-------|
| COMM_CUST_ACC | Customer account                  | Accrual amount | Dr.   |
| COMM_RIA      | Commission Received<br>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.

### 3.2.23 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.

### 3.2.24 LC Auto Closure Batch

If the Auto Closure check box is checked at the contract level, then system will close those contracts. If the Allow Partial Closure option is checked at the branch level, then system does the following processing as part of the Closure Batch:

- If the entire LC amount is utilized, the system triggers PCLS event on the expiry of the partial closure days specified. The LC will be closed on the LC closure date.
- If the LC is partially utilized, then the system will fire an event PCLS' (Partial Closure of LC) and the Limits, Outstanding Liability and the Cash Collateral for the unutilized amount will be released.

For example, an LC of USD 1000 is created.

A Bill of USD 700 is created in Initial stage by linking the above LC.

The system initiates the automatic partial closure process after the expiry of the number of partial closure days specified in 'Letters of Credit Branch Parameters Maintenance' screen. As a part of the closure batch (if the new branch level flag is checked), the system releases the limits, OS liability and cash collateral for USD 300 by retaining USD 700 assuming that the Bill to which the LC is linked will be availed at the later stage.

Once PCLS event is fired for an LC contract, system does not allow any operation on the LC other than LC Closure (CLOS). You can reopen the closed LC as existing. While reopening the LCs for which PCLS has fired earlier, the Limits will be tracked, OS Liability and Cash collateral will be increased to the extent of the amount released as part of PCLS. In the above example, Limits will be tracked for USD 300 and the OS Liability and Cash collateral will be increased for USD 300.

After PCLS is fired on the LC contract, if the Bill contract to which the LC is linked is reversed, the Limits, OS Liability and the Cash Collateral will not be released automatically. You have to manually close the LC.

System does not release the linkages to the LC automatically, as part of PCLS firing during batch. This has released manually as part of manual partial closure. The above processes are skipped for the LC contracts under the product for which the 'Revolving' is 'Yes'. System manually handles the generation of MT799.

In case of a partially confirmed export LC contract, the system excludes the bill amount in the initial stage from the confirmed and unconfirmed portions.

For example consider an export LC with the following details:

LC Amount : GBP 10000

Confirmed Amount : GBP 7000 Unconfirmed Amount: GBP 3000

By linking this LC, a bill of GBP 2000 has been created at Initial stage.

During partial closure, the system releases the liability, limits and cash collateral for GBP 8000. The amount of GBP 2000 is retained as the bill to which the LC is linked may be availed at a later stage.

The system passes the following entries on PCLS:

| Dr/Cr | Account Role Code                           | Amount Tag       | LCY Amount | LCY Amount Description |
|-------|---|------------------|------------|------------------------|
| Dr    | LC_OCU_OFFSET<br>(Unutilized Credit Offset) | UCNF_LIAB_OS_AMT | 3000       | Unconfirmed LC Amount  |
| Cr    | LC_OCU<br>(Outstanding Credit Unutilized)   | UCNF_LIAB_OS_AMT | 10000      | Unconfirmed LC Amount  |
| Dr    | LC_CNF_OFF<br>(Confirmation of LC Offset)   | CNF_LIAB_OS_AMT  | 5000       | Confirmed LC Amount    |
| Cr    | LC_CNF<br>(Confirmation of LC)              | CNF_LIAB_OS_AMT  | 5000       | Confirmed LC Amount    |

When the bill is booked in the final stage, AVAL event is triggered. The system initially considers the confirmed portion on AVAL event. The bill amount in initial stage, GBP 2000, will be excluded from the confirmed portion. The remaining GBP 5000 will be released. On the unconfirmed portion, the entire amount of GBP 3000 will be released.

### 3.2.25 LC Automatic Status Update Batch

During EOD operations, the status update batch automatically processes status changes of LC contracts. The batch examines the contracts for the status of the check box Auto Status Change. If this box is checked, the batch processes status update and derives the new status based on the defined rules. The field Derived Status on the contract screen is updated with the new status.

Once the LC status is updated, the system posts the entries related to status processing as part of LCEOD batch. If the status processing basis is set as Branch or CIF at the branch level, the entries are posted as part of Group Level Status Change batch.

If status processing basis is set as 'Contract' at the branch level, the system performs one of the following actions:

- If the computed status is worse than the user defined status, a forward status change is triggered.
- If the computed status is better than the user defined status, a backward status change is triggered.

For the current status, if the options Forward and Reverse are not checked in the preferences, then status change does not take place.

### 3.2.26 Status Change Batch Processing

For the LC module the Status change batch will be run along with the customer/Group and apply worst status change for the customer. This batch will use the status change events. You can trigger the batches to run before the Common Status Change batch. The following given batches can be run in any order:

- LCEOD
- BCAUSTCH

If 'Status Processing' is at Individual Contract Level, then system will trigger status change based on the Customer Credit rating for the customer of the Contract /Account booked. The other contracts of the customers in the same Group will not be impacted. However if the 'Status Processing' is at CIF/Group level individual module (LC,CL, CI, MO, CA, IA and BC) batches will be updating common storage with the derived status of each contract and CIF/ Group level status will be triggered by the common status change batch. The common status change batch will call the individual module function for status change processing.

### 3.2.27 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.

### 3.2.28 Generate 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)
- Guarantee claim Tracers (Sent to the party mapped in the tracers till the Claim is in Lodged status).

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.

### 3.2.29 Reinstatecontracts

All Islamic LC contracts, for which you had specified automatic reinstatement, is reinstated when the batch process for the day, is run as part of BOD. The revolving details specified for the Islamic LC, in the Contract Main screen, are used to reinstate the contracts. The reinstatement is done subject to the Maximum Liability and the Maximum Islamic LC Amount allowed for the contract. The unutilized credit is removed from the contingent entries for noncumulative Islamic LCs.

For Islamic LCs that revolve in time, the Islamic LC Amount and the Maximum Liability Amount is reset based on the frequency of reinstatement (the value of frequency is either Days or Months depending on the 'Units' you specify for the contract). In the case of an Islamic LC, which revolves in value, the Islamic LC amount is reset when the current availability under the Islamic LC is reduced to zero. Thus, the reinstatement for Islamic LCs which revolve in value is done during the beginning of the day on the next day.

It is done after the availment that makes the current availability to zero is made. When Islamic LCs are automatically reinstated, the necessary accounting entries and advices specified for the event code REIN (reinstatement), is passed automatically. As a part of the BOD process,

this function reinstates all the revolving Islamic LCs (specified with automatic reinstatement), which needs to be reinstated. This is determined by two factors:

- Whether the Islamic LC revolves in time and the next revolving date is less than or equal to the current date or
- The Islamic LC revolves in value and the unavailed amount under the Islamic LC, is reduced to zero by the availments that were made.

During EOD, the auto reinstatements scheduled for the next day is 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 Islamic LCs that have their next revolving date within the same month. The processing for such Islamic LCs is 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.

### 3.2.30 Automatic Extension of Guarantee/SBLC

The Automatic Extension of Islamic Guarantees/SBLCs batch to be configured as part of LCEOD Batch:

- To be processed during BOD
- To be processed during previous EOD, if Extension date is a holiday.

Undertaking with Automatic Extension Period to be considered for automatic extension.

Automatic extension to be processed similar to amendment of expiry date without beneficiary confirmation.

- AMND event to be triggered.
- Islamic Guarantee issue date will remain the same
- Revised Expiry Date to be computed based on Extension Period. Calendar Days to be considered for extension
  - If Extension Period is Days, revised expiry date to be Current Expiry Date + Number of Days
  - If Extension Period is ONEY, revised expiry date will be same day next year
- Tenor to be recomputed based on revised expiry date.
- Claim Expiry Date, Closure Date and Stop Date to be computed based on extended expiry date.
- Commission to be computed for the extended period based on revised Claim Expiry Date.
- Limit Tracking to be done based on the revised Claim Expiry Date.
- No impact on Collateral.
- Default amendment advice, GUA\_AMND\_INSTR, will be generated.
- Default FFTs defined at Product will be applicable.

Contracts for which Automatic extension has failed will be picked up during subsequent EODs. Automatic extension will not be applicable beyond Final Expiry Date (Application Date  $\geq$  Final Expiry Date). Automatic extension will not be applicable if Notification period is provided.

If the newly derived Expiry Date falls beyond the Final Expiry Date, then system will update the New Expiry Date as Final Expiry Date (least of Final Expiry Date and Newly derived Expiry Date).

### 3.2.31 Liability Changes Schedule

- LCEOD Batch enhanced to support Liability Change Schedule
  - To be processed during BOD
  - To be processed during previous EOD, if processing date is a holiday
- Guarantees with Liability type as Time based to be processed:

System will initiate Guarantee amendment with decrease in Contract amount when liability type is decrease System will initiate Guarantee amendment with increase in Contract amount when liability type is increase:

- New event LAMS introduced to initiate liability change. Processing will be similar to amendment AMND.
- Maintenance:
  - LAMS event should be defined for applicable products
  - Accounting entries and Messages should be defined for LAMS event similar to AMND
- Processing will be similar to amendment (AMND):
  - LAMS will be version creation event.
  - Liability change will be without Beneficiary Confirmation.
  - Commission will be computed for the increased/decreased ( similar to amendment AMND)

Limit Tracking for increased / decreased amount (similar to amendment AMND)

Collateral will be collected or refunded ( similar to amendment AMND)

Amendment advice, GUA\_AMND\_INSTR ( MT767 ), will be generated

Accounting entries will be generated based on maintenance Liability change schedules failed will be picked up during subsequent EODs.

### 3.2.32 Automatic Liquidation of Periodic Commission

The periodic commission components of an Islamic LC is 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 Islamic 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 Islamic LC. These might be a customer's accounts or a receivable accounts. On liquidation of the commission components of an Islamic LC by the function:

- The necessary tax related entries associated with the liquidation is passed.
- The necessary debit advices is generated.



- The relevant accounting entries is passed. Typically they are

**Table 3-13 Collected in Arrears**

| Role          | Role Description                | Amount Tag | Dr/Cr |
|---------------|---------------------------------|------------|-------|
| COMM_CUST_ACC | Customer account                | Commission | Dr.   |
| CENC          | Commission Earned Not Collected | Commission | Cr.   |

**Table 3-14 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 Islamic 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 is generated when the commission components of the Islamic LC, are automatically liquidated:

### 3.2.33 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) Islamic LC contracts is 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 is for the full rounded period. When the accrual is done, the relevant accounting entries for the accrued components is passed. The internal accounts is updated with the accrual related details. Typical accounting entries that are passed include:

**Table 3-15 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.   |

**Table 3-16 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 is configured to be passed either at the contract level or the product level.

Either way, the details of accruals for each contract is 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.

### 3.2.34 Automatic Closure of an Islamic LC

All Islamic LC contracts for which you had specified automatic closure and which are due for closure as of today, is automatically closed when the batch processes for the day is run. The accounting entries specified for the closure is passed.

### 3.2.35 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.

### 3.2.36 Generating Tracers

For an Islamic LC, the following types of tracers are generated:

The acknowledgment tracer (sent to the advising bank when an import Islamic 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 Islamic 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).
- Guarantee claim Tracers (Sent to the party mapped in the tracers till the Claim is in Lodged status).

These tracers are generated at a frequency, specified for the Islamic 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.

### 3.2.37 Processing LQ EOD Batch

In the case of Receivable Liquidation (LQ) EOD batch, system checks for the following:

- Charge and Commission Tracer (CHG\_COM\_TRACER) - System considers the Preferred Medium and Template ID maintained in the 'Bills and Collections Product Tracers' screen. If the Preferred Medium as 'SWIFT', the system generates the Charge and Commission tracer in MT799 (if it is under LC) or MT499 (if it is not under LC) SWIFT format according to the Template.
- Charge Claim Advice (CHG\_CLAIM\_ADV) - System considers the Claim Advice in Swift and the Template ID in the 'Bills and Collections Contract Detailed' screen. While generating the Charge Claim advice, system checks if the 'Claim Advice in Swift' option is checked. The system generates the advice in MT799 (if it is under LC) or MT499 (if it is not under LC) considering the Template Id for tag 79.

### 3.2.38 Trigger User Defined Events Automatically

This topic provides the systematic instructions to trigger user defined events automatically.

You can add the user defined event batch to the mandatory programs to be run for the module, using the '**Mandatory Batch Program Maintenance**' screen.

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

1. On the Homepage, type **EIDMANPE** in the text box, and click the next arrow.

The **Mandatory Batch Program Maintenance** screen is displayed.

2. On **Mandatory Batch Program Maintenance** screen, specify the fields.

For information on fields, refer to [Table 3-17](#):

**Table 3-17 Mandatory Batch Program Maintenance - Field Description**

| Field                          | Description  |
|--------------------------------|--|
| <b>Module</b>                  | Choose the module code from the adjoining option list.   |
| <b>Function Identification</b> | Specify ' <b>UDBTFEVT</b> ' as the batch that needs to be run. You can also select this value from the adjoining option list |
| <b>End Of Cycle Group</b>      | Select the option ' <b>End Of Transaction Input</b> '.   |

For further details about this screen, refer the chapter 'Setting- up Mandatory Programs for EOD' in the AEOD User Manual.

# 4

## End of Day Process

### 4.1 JOB

Using AEDSTART - End of cycle operation screen, EOD can be started and it can be monitored using AEDBRMTR - EOC Monitor screen.

In SMSJOBRR job "TFEOD\_BATCH\_CALL" should be in scheduled state before processing the EOD.

Once the EOD is completed job TFEOD\_BATCH\_CALL should be paused operationally.

# Glossary

**AEDBRMTR**

EOC Monitor - [JOB](#)

**AEDSTART**

End Of Cycle Operations - [JOB](#)

**EISTFVPF**

Trade Finance Pending Functions - [View Branch Pending Functions](#)

**EISTFVPT**

Trade Finance Pending Transactions - [View Unauthorized Transactions](#)

**SMSJOBRR**

Job Details - [JOB](#)