
LSTA Agent Bank Communications Subgroup

Business Working Group Requirements Document

Version 1.23

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Document History

Date	Version	User	Changes
22-Feb-07	1.0	Bhavik Katira	Created initial document structure
25-Apr-07	1.1	Bhavik Katira	Updated with further information regarding business events and more detailed descriptions of the initiative in the introduction section.
30-Apr-07	1.2	Bhavik Katira	Updated with scope modifications following the LSTA working group meeting (25-Apr-07).
8-May-07	1.3	Bhavik Katira	Updated with Drawdown notice details from last LSTA working group meeting (25-Apr-07).
17-May-07	1.4	Bhavik Katira	Updated with Drawdown Notice changes and Rate Set introduction from the last LSTA meeting (9-May-07).
23-May-07	1.5	Bhavik Katira	Updated with further updates to Drawdown Notice and Rate Set notices. From the last LSTA meeting (23-May-07).
30-May-07	1.6	Bhavik Katira	Further updates from last LSTA meeting (23-May-07).
12-Jun-07	1.7	Bhavik Katira	Added initial interest payment section with interest period and interest accrual sub-sections (including graphs). Added principal repayment section. Updated the scope/phase matrix to include principal repayment and different fee types.
20-Jun-07	1.8	Bhavik Katira	Updated the principal repayment section.
9-Jul-07	1.9	Bhavik Katira	Updated 'drawdown' to 'contract'. Contract id required on notices for system level identification purposes. Lender remittance is included in the interest payment notice and principal repayment. Contract and commitment levels on the repayment notice are shown after the repayment has been taken into account.
13-Jul-07	1.10	Bhavik Katira	Creation of a common message content section for loan administration notices – mainly contains static instrument data. Updated all repayment sections to include one or more contracts. Addition of Unscheduled Mandatory and Voluntary Repayments section. Addition of On-Going Fee section.
16-July	1.11	Bhavik Katira	Addition of a notice summary section. More explicit definitions for the mandatory and voluntary principal repayments.

			Definition of different fee types within On-Going Fee message structure – fee type specific validation.
24-July	1.12	Bhavik Katira	<p>Removal of lender contact information from common section.</p> <p>Removal of agent bank details from deal section.</p> <p>Inclusion of a generic deal and facility id types.</p> <p>Reference to only the current global commitment amount and the current contract amount within common.</p> <p>Mandatory liquid asset cost not known until the underlying interest rate is known.</p> <p>Update to the scheduled and unscheduled principal repayment diagrams.</p> <p>Documented the 2nd offer process in the voluntary/mandatory repayment section.</p> <p>Noted that lenders can accept a portion of a repayment request – depending on credit agreement. Confirmation message to reflect this.</p> <p>Update to the on-going fee section – inconsistent requirements corrected.</p> <p>Added prepayment fee.</p> <p>Notice required is a specific requirement. Removed from common.</p> <p>Exchange rate and fixing moved from common to drawdown and rate set notices.</p> <p>Next interest payment date is associated with the high-level notice itself (not a business object).</p> <p>Removed currency from the remittance sections.</p> <p>Names are not required, Id and Types always required.</p> <p>Amounts throughout the doc assume a currency definition.</p> <p>The term 'contract' was made more specific in the spec to 'loan contract'</p>
6-Aug-07	1.13	Bhavik Katira	<p>Removed notice description from the spec. Not required for system to system interaction.</p> <p>Updated common section.</p> <p>Synchronized updates with XML schema.</p> <p>Updated repayment section to reflect the loan contract repayment 'n' times.</p> <p>Removed notice description.</p> <p>Removed references to currency where currency is not an independent field (otherwise it is assumed to be part of the amount field).</p> <p>Name shortening.</p> <p>Interest calculation method added to the interest payment notice (where the agent may pay based on pro-rata share on payment date).</p>
8-Aug-07	1.14	Bhavik Katira	<p>Differentiate between the interest rate fixing date and exchange rate fixing date in the rate set notice.</p> <p>Noted that an exchange rate shift can alter a commitment and/or utilization fee calculation.</p> <p>Repayment notice – changed the boolean for the acceptance into an enumerated type to clearly identify a partial acceptance for a repayment.</p> <p>Updated the on-going fee section – corrections from the previous version.</p> <p>Added the message, conversation and in reply to ids to the common section.</p>
14-Aug-07	1.15	Bhavik Katira	<p>Question of payment date on the drawdown notice.</p> <p>Question of date adjustment factors within the loan contract or deal/facility.</p> <p>Added one-off fee section.</p>
5-Sept-07	1.16	Bhavik Katira	<p>Answered questions introduced in v1.15.</p> <p>Updated the on-going fee section with LoanContract level details and fx rate schedules.</p>
1-Oct-07	1.17	Bhavik Katira	Resynchronized the document with the latest version of the XSD design.
4-Oct-07	1.18	Bhavik Katira	<p>Updates after the 4-Oct LSTA business working group.</p> <p>Date format note – International standard – dd-mmm-yyyy</p> <p>Currency should be ISO standard</p> <p>Question of rate fixing date, time & location...?</p> <p>Conditions precedent met flag added to drawdown notice</p> <p>Fee Day basis added</p>
12-Oct-07	1.19	Bhavik Katira	Added the business validation rule for tenors on the underlying base rate – within the interest

			<p>rate period block.</p> <p>Synchronized the loan contract identifier with the XSD to ensure that only the id is required. All non-static fields are also removed.</p> <p>Rate fixing date business validation added – the field is required and will be populated with the loan contract effective date in the case of Prime.</p> <p>Added commitment adjustment flag to the repayment notice.</p> <p>Added interest paid on repayment flag to the loan contract level of the repayment notice.</p> <p>Added initial version of a new flow for the loan contract request. This provides a full loan contract structure.</p> <p>Added a separate common facility position section. It can be optionally included in various notice messages.</p> <p>Added the initial commitment adjustment section.</p>
27-Oct-07	1.20	Bhavik Katira	<p>Enhanced the loan contract request section with a flow diagram and further details.</p> <p>Added more business validation rules in all sections.</p> <p>Updated fee rate in the one-off fee payment notice.</p>
7-Jan-08 11-Feb-08 11-Mar-08	1.21	Bhavik Katira	<p>Updated the scope table for more accurate Phase 2-4 details.</p> <p>Added PIK fields in current interest rate period and repayment notices.</p> <p>Created Phase 2 section.</p> <p>Removed interest paid on repayment flag from the facility-level repayment details.</p> <p>Removed prepayment fee amount from the repayment notice.</p> <p>Removed share loan contract amount from the loan contract repayment section.</p> <p>Made all global repayment amounts not required (in main notice sections).</p> <p>Removed lender facility position from repayment message (replaced by facility and loan contract position in header).</p> <p>Added a PIK period to the interest payment notice.</p> <p>Clarify margin definition (with respect to PIK).</p> <p>Added initial rollover section.</p> <p>Updated the scope table.</p> <p>L/C section added – L/C Issuance, L/C Balance</p>
13-Mar-08	1.22	Bhavik Katira	<p>Updated business scenarios and flows for L/C Issuance, L/C Balance, L/C cancellation.</p> <p>Update the common section (facility commitment position) to include LC balances.</p>
6-May-08 12-May-08 19-May-08 28-May-08	1.23	Bhavik Katira	<p>Note pertaining to the requirement of a business validation for non-mandatory deal/facility identifier fields.</p> <p>Addition of a non-mandatory exception flag in notice headers. Allowing message senders to flag exceptional events.</p> <p>Removal of all business validation sections.</p> <p>Note for validation of CUSIP and ISIN fields.</p> <p>Updated conditions precedent flag values.</p> <p>Repayment and loan contract currencies must always be stated since they could be different currencies. Already defined.</p> <p>Options between full and identifier L/C's in all notices.</p> <p>L/C fee is always denominated in L/C currency – added to validation s/s.</p> <p>L/C termination – L/C balance always goes to zero – added to validation s/s.</p> <p>MLA updated to MCR (mandatory cost requirement).</p> <p>F/X rate is to be linked with the loan contract rather than just the interest period within a loan contract. It has also been converted to a schedule to allow multiple FX rates during the life of a loan contract.</p> <p>Global amounts in one-off fees should be made optional – they are not required in most scenarios.</p> <p>Added waiver, funding, upfront, facility extension to the one-off fee section.</p> <p>Remittance should always include currency - Pending.</p> <p>Fees are paid in facility currency (rather than loan contract currency) – updated validations s/s.</p>

1 Introduction

The LSTA began an initiative to improve the efficiency within the commercial lending business in the form of the Agent Bank Communications Working Group, whose primary aim is to decrease dependency on the exchange of manual (paper, email, facsimile) notifications between market participants.

The approach taken by the working group is to define a single set of standards (data formats and business protocols) facilitating electronic communications between these participants.

The standardization will also potentially promote creation of a single “clearance” node for secure exchange of loan information between participants, as is seen in many other markets.

1.1 Purpose

This is a business-focused document that aims to specify message content and the business process that would take place between any two communicating counterparts (agents, lenders and/or trading counterparties) in this industry.

The goal is to provide enough business input for a technical message and process design to be created. The main deliverables are:

- A standardized dictionary of market terms
- Business events, messages, notifications, instrument structure together with their data content requirements
- Business flows for the scenarios in which the events, notifications or instrument data will be transmitted

1.2 Background

Currently most of the communications are performed through email- and fax-based notifications among participants.

1.3 Scope

The scope of this document is to cover data exchange formats for various types of loan related information exchange. This can be in the form of business events, notifications or transmission of underlying instrument/static data.

Figure 1 (next page) illustrates the types of data structures that this group will be tackling together with an outline of how the analysis may be phased. What are the drivers for the ordering of message types within phases...?

- Volume of transactions of a particular type. The more volume, the more immediate benefit the industry will receive.
- Complexity of transactions. The more complex it is to enter a particular event, the more time is taken in order for the recipient to enter it – an electronic solution would help in this scenario.
- Dependency. Certain notices may be dependent on the group defining other message types.

	FpML Version	Business Life Cycle				Supporting Data			
		Origination	Syndication	Loan Administration ⁽¹⁾	Secondary Trading	Instrument Data ⁽²⁾	Static Data	Communication	Cash Flow
Phase 1	4.4			1. Drawdown Notice 2. Rate Reset 3. Interest Payment 4. Principal Repayment - Scheduled, Unscheduled Mandatory and Unscheduled Voluntary Repayments 5. On-going Fee Payment 6. One-off Fee Payment		1. Credit agreement definition (basic deal fields, facility fields). 2. Core drawdown details	1. Borrower data 2. Agent bank data 3. Lender data	1. Remittance instructions	
Phase 2	4.5			1. Simple Rollover: - conversion, increase, decrease - no splits or combinations 2. Complex Rollovers (splits and combinations) 3. Letter of Credit Events: - Issuance, Balance Shift, Conversion to funded loan 3. Margin changes 4. Commitment Adjustment with Principal Repayment	1. Lender position record (this will help with the reconciliation effort)	1. Extended credit agreement definition. 2. Integration of extended credit agreement definition with current FpML loan underlier definition. 3. Commitment adjustment with no principal payments			1. Cash flow object definition 2. Withholding tax representation
Phase 3				1. PIK / PIK Toggle	1. Trade confirmation 2. Funding memo 3. Trade settlement payment 4. Assignment Agreement		1. Trading counterparty data	1. Loan details request/response - Unscheduled repayment voting - Breakage cost determination	
Phase 4.1		1. Summary of Credit Agreement at closing 2. Conditions precedent notice				1. Extended credit agreement definition 2. Extended drawdown details			1. Netting of various events
Phase 4.2			1. Position allocation 2. Upfront fee payment 3. Upfront fee payment confirmation			1. Credit agreement amendment		1. Public vs Private tagging	

Notes

- (1)
- (2)

A "rollover" is seen as a combination of various other events (Rate reset, Expected interest payment, Principal repayment). These will initially be very simple data items with just enough information to satisfy each phase's message types. As we get further, and more instrument details are required, we will expand these message types.

Questions

- 1
- 2
- 3
- 4
- 5
- 6

What is the official name for the credit agreement summary that is created at the time of closing...?
Do we need to have confirmations for payments...? E.g. when the agent bank pays interest to a lender, the lender should confirm receipt of the interest payment
No
Conversion - is the standard market term that should be used...?
Should breakage costs be in scope for this project...? Is that not something that is specific to a single lender...?
Can we assume that all agent bank to lender communication will assume that there are no information barriers...? If there are then who decides what information is public vs private...?
How should we model corrections to messages which have already been sent out by agent banks...?

Figure 1 : Scope and Phased Approach for Business Requirements

1.4 References

None defined as yet.

1.5 LSTA Loan Market Terms

One of the first tasks that the working group will have to agree upon is the naming conventions that will prevail in the language. It will be important to present to the LSTA, a market-wide consensus on the naming of various business terms. These terms will then be used in order to define the “tags” or “data holders” within the language. E.g. the working group will need to decide the name of the underlying instrument as either a “Credit Agreement” or a “Deal”.

The working document is captured separately by the LSTA in a spreadsheet format at the moment.

Points to Note:

- This naming does not preclude institutions from using other names within their own domains but does mean that any inter-institution messaging must be performed using this single naming specification.
- A good way to think about this task is to imagine all of the nouns that should be used in order to describe the business.
- In order to make the actual data human-readable, the FpML standard tries to use actual legal terms (as they appear in legal documentation e.g. <Margin>250</Margin>) to name the tags within the language. This means that a business person could actually take an XML-based output and understand the information contained in it just by reading it.

Parent Category	Sub Category	LSTA Market Term	Description
Instrument Data	Deal	Deal Name / Credit Agreement	The agreement entered into between the borrower, the lenders, the agent, and other financial parties that describes the terms and conditions of the loan being made to the borrower and the obligations and requirements for the borrower, its related entities (if any), and the lenders.
Instrument Data	Deal	Deal Commitment Amount / Commitment	The amount of credit that lenders have collectively agreed to provide to a borrower under a credit agreement.
Instrument Data	Deal	Credit Agreement Date	The execution date of the Credit Agreement.
Deal	Facility	Facility Name	
Deal	Facility	Effective Date	The date specified in an agreement as the date upon which the terms of that contract will take place.
Deal	Facility	Maturity Date	
Deal	Notices	Conditions Precedent	The conditions precedent in a credit agreement are in essence a simplified closing list. They specify what the borrower must deliver to the lenders (or the administrative agent), what actions it must take, and what other circumstances must exist in order for credit to be available.
Deal	Notices	Credit Agreement Amendment	
Facility	Facility Fee	Commitment Fee	In a revolving credit agreement, the fee paid by borrowers on unused commitments. On term loans, this fee, which applies to the amount of a commitment that has not yet been drawn down, is typically referred to as a "ticking fee".
Facility	Facility Fee	Utilization Fee	
Facility	Facility Fee	Facility Fee	A fee that is paid on a facility's entire committed amount, regardless of usage; it is often charged on revolving credits to investment grade borrowers instead of a commitment fee because these facilities typically have a competitive-bid option (CBO) that allows a borrower to solicit the best bid from its syndicate group for a given borrowing. The lenders that do not lend under the CBO are still paid for their commitment.
Facility	Notices	Expected On-going Fee Payment	
Facility	Notices	Commitment Adjustment	
Roles	Lender	Lender Name/Lender	An entity that extends credit to a borrower or borrowers pursuant to the terms of the credit agreement governing a credit facility.
Roles	Agent Bank	Agent Bank Name/Administrative Agent	The institution that performs the recordkeeping associated with a loan, handles the interest and principal payments to be made in connection with the loan, and generally monitors the ongoing administration of the loan.
Roles	Borrower	Borrower Name/Borrower	The entity that borrows funds under a credit agreement.
Roles	Broker	Broker Name	
Roles	Guarantor	Guarantor Name	The grantor of a guarantee or contingent agreement to purchase or otherwise to become contingently liable with respect to the debts or other obligations of another person.
Drawdown Data	Drawdown	Drawdown Amount	A drawing made by a borrower under a revolving credit facility or by a beneficiary of a letter of credit under that letter of credit.
Drawdown Data	Drawdown	Drawdown Currency	
Drawdown Data	Drawdown	Effective Date	
Drawdown Data	Drawdown	Maturity Date	
Drawdown Data	Drawdown	Rate Fixing Date	
Drawdown Data	Drawdown	Exchange Rate Fixing Date	
Drawdown Data	Drawdown	Margin	
Drawdown	Interest Rate	Interest Rate Type	A fixed interest rate meaning one that does not change or a floating rate interest rate which resets at specified intervals.
Drawdown	Interest Rate	Interest Rate	
Drawdown	Notices	Drawdown Notice	Notice provided by a Borrower to the Administrative Agent
Drawdown	Notices	Rate Reset	The reset of a certain interest rate at a specified interval.
Drawdown	Notices	Expected Interest Payment	
Drawdown	Notices	Payment	The borrower's payment of all or a portion of the unpaid principal amount of the advance made by the lender.

Figure 2 : Example of LSTA Loan Market Terms

2 LSTA Communication Protocol

This section contains the main process and data definitions. Each message type is documented on the attribute level and should contain a full description of business validations that accompany it. For each message type we will need to describe three main pieces of information:

- The message data fields
- The business validations (e.g. what fields are mandatory, which are optional)
- The business flow within which the message(s) exists (i.e. what is the process within which this message will exist)

When describing the message data fields we will use a set of standard columns on a table that must be filled as follows:

- **Field Name:** this should be the name of the field as required within the language.
- **Data Type:**
 - Text: plain text field (e.g. Borrower Name: Microsoft Corp.)
 - Alphanumeric: a mixture of letters and numbers (e.g. a Bloomberg Id: LN653725)
 - Number: a plain number (e.g. an Id: 657243)
 - Currency Amount: a monetary value (e.g. Loan Contract Amount: 2500000). This definition assumes that a currency is associated (no need to type the currency field every time it is used in the specification). The currency list is the ISO standard currency list.
 - Basis Point Amount: a basis point amount (e.g. Margin: 250)
 - Date: a date in the consistent form of dd-mmm-yyyy (e.g. 08-Feb-2007)
 - Text List: a choice within a list of pre-defined textual values (e.g. Interest Rate Type: LIBOR | PRIME | EURIBOR | etc...)
 - Number List: a choice within a list of pre-defined numerical values
 - Flag: either Yes or No
 - Complex: this refers to the situation where a more complex sub-message is required
- **Required:** Is this field required in the message or is it optional.
- **Comments:** Additional information that should be passed onto the technical committee

3 Loan Administration Notices – Phase 1

3.1 Common Data Sections for Loan Administration Notices

There is a fair amount of common static and reference data that is embedded within Loan Administration Notices. This allows for certain instrument details to be shared between agent banks and lenders (especially when new lenders are present). Since these sections if included are predominantly the same, these details have been captured here.

Data Field	Data Type	Required?	Comments / Outstanding Issues / Questions
Message Header – COMMON			
Message Id	Alphanumeric	Y	A unique identifier for the specific message.
Conversation Id	Alphanumeric	N	A unique id for a series of messages which correspond to a single conversation between two parties.
In Reply To Id	Alphanumeric	N	A reference to the message id to which this message is in reply to.
Notice Details – COMMON			
Notice Date	Date	Y	The date associated with the notice.
Agent Bank Type	Alphanumeric	Y	The type associated with Id.
Agent Bank Id	Alphanumeric	Y	Id which references the agent bank.
Agent Bank Name	Text	N	
Borrower Id Type	Alphanumeric	Y	The type associated with Id.
Borrower Id	Alphanumeric	Y	Id which references the borrower.
Borrower Name	Text	N	
Lender Id Type	Alphanumeric	Y	The type associated with Id.
Lender Id	Alphanumeric	Y	Id which references the lender.
Lender Name	Text	N	
Exception Flag	Flag	N	A flag used by agent banks to identify exception business event circumstances.
Comments	Text	N	
Notice Type – COMMON			
Notice Type	Text List	Y	Name of the notice type (e.g. Drawdown Notice).
Deal Identifier – COMMON			
Deal Name	Text	N	Legal Borrower Name + Credit Agreement Date (dd-mmm-yyyy)
Deal Id Type	Alphanumeric	Y	There can be different id types applicable here. CUSIP is seen to be the chosen strategic solution.
Deal Id	Alphanumeric	Y	A deal id MUST be populated.
Credit Agreement Date	Date	N	The date published on the credit agreement.
Facility Identifier – COMMON			
Facility Name	Text	N	The name associated with the facility as state on the credit agreement.
Facility Id Type	Alphanumeric	Y	There can be different id types applicable here. CUSIP is seen to be the chosen strategic solution.
Facility Id	Alphanumeric	Y	A facility id MUST be populated.
Currency	Text List	N	The currency in which the facility is denominated.
Commitment Amount	Amount	N	This is the current global commitment amount of the facility AFTER the associated event has taken place.
Loan Contract – COMMON			
Loan Contract Id Type	Alphanumeric	Y	There can be different id types applicable here.
Loan Contract Id	Alphanumeric	Y	An agent-bank controlled Id for purposes of uniquely identifying a specific contract.
Borrower Name	Text	N	Agent-specific name of the borrower. There could be multiple borrowers against a contract however the agents have been trying to promote the concept of an administrative borrower. Hence, only one shown in the field list.
Borrower Id Type	Text List	Y	The provider for the following Id.

Borrower Id	Alphanumeric	Y	The actual Id value from the provider stated in the last field.
Effective Date	Date	Y	Effective date of the contract. This is the date on which the funds are passed to the borrower.
Maturity Date	Date	Y	Maturity date of the contract, in the case of an ABR loan this field should be set to the maturity date of the facility.
Current Interest Rate Period	Complex Type	N	(See definition below)
Interest Payment Tenor	Number	N	The frequency with which interest payments are made, as defined on the credit agreement.
Next Interest Payment Date	Date	N	Date on which the next interest payment will be made.
FX Rate Schedule in Loan Contract – (Not required)			
Start Date	Date	Y	
End Date	Date	Y	
Loan Contract Exchange Rate	Number	Y	Exchange rate in the case where the loan contract is in a different currency to the facility currency.
Exchange Rate Fixing Date	Date	Y	The date of which the loan contract currency – facility currency was fixed.
Current Interest Rate Period – COMMON			
Rate Fixing Date	Date	Y	Date on which the underlying interest rate is fixed.
Start Date	Date	Y	Date on which this interest period begins.
End Date	Date	Y	Date on which this interest period ends.
Floating Rate Index	Text List	Y	An identifier to determine the underlying interest rate.
Interest Rate	Basis Point Amount	N	The actual value of the underlying interest rate.
Margin	Basis Point Amount	N	The margin associated with the current interest rate period.
Mandatory Liquid Asset Cost	Basis Point Amount	N	Charged by the FSA, applicable for UK funded contracts only.
All In Rate	Number	N	(Interest Rate + Margin + Mandatory Liquid Asset Cost) = All In Rate
Interest Day Basis	Text List	N	Day count calculation treatment for the interest accrual.
Tenor	Number	N	The number of business days within the interest rate period.
Projected Interest Amount	Amount	N	Projected amount of interest that will be paid by the Agent bank at the end of the interest period.

Agent Bank / Lender Remittance – COMMON			
Name	Text	Y	
Account Number	Alphanumeric	Y	
ABA Number	Number	N	One of these four fields MUST be populated as part of the validation rules.
Swift Id	Number	N	
IBAN	Number	N	
Sort Code	Number	N	

Facility Commitment Position – COMMON			
Prior Global Commitment Amount	Amount	N	In the case of a business event which changes the global commitment level, this is the amount as of before the associated business event.
Current Global Commitment Amount	Amount	Y	The current global commitment level as of the time of the message creation.
Prior Lender Commitment Amount	Amount	N	In the case of a business event which changes the lenders commitment level, this is the amount as of before the associated business event.
Current Lender Commitment Amount	Amount	Y	The current lender commitment level as of the time of the message creation.

Can contains many... Loan Contract Position – COMMON			
Loan Contract Id Type	Alphanumeric	Y	There can be different id types applicable here.
Loan Contract Id	Alphanumeric	Y	An agent-bank controlled Id for purposes of uniquely identifying a specific contract.
Prior Global Loan Contract Amount	Amount	N	In the case of a business event which changes the global loan contract level, this is the amount as of before the associated business event.
Current Global Loan Contract Amount	Amount	Y	The current global loan contract level as of the time of the message creation.
Prior Lender Loan Contract Amount	Amount	N	In the case of a business event which changes the lenders loan contract level, this is the amount as of before the associated business event.
Current Lender Loan Contract Amount	Amount	Y	The current lenders loan contract level as of the time of the message creation.
Or contains many... Letter of Credit Position – COMMON			
LC Id Type	Alphanumeric	Y	There can be different id types applicable here.
LC Id	Alphanumeric	Y	An agent-bank controlled Id for purposes of uniquely identifying a specific contract.
Prior Global LC Amount	Amount	N	In the case of a business event which changes the global letter of credit level, this is the amount as of before the associated business event.
Current Global LC Amount	Amount	Y	The current global letter of credit level as of the time of the message creation.
Prior Lender LC Amount	Amount	N	In the case of a business event which changes the lenders letter of credit level, this is the amount as of before the associated business event.
Current Lender LC Amount	Amount	Y	The current lenders letter of credit level as of the time of the message creation.

Questions

1. Should the exchange rate be associated with the contract or the interest rate period...?
 - It's represented on the rate set notice and the drawdown notice. It is not represented in the common instrument data structure.
2. Since we already have a start date and an end date defined, is it necessary to include the tenor...? If we have both then how does the information get validated...?
 - We don't have an end date for the interest rate period.
3. Should there be any date adjustment factors represented in any one of these data types or is it out of scope for these set of notices...?
 - These are not required within the scope of the notices.
4. Should the Rate Fixing Date be extended to include the Time and Location of fixing in addition to the date...? This is a requirement that has come from London.
 - The time and location are not required details based on feedback from the business group. This information does not value when communicating business event notices.
5. Should we make the additional (non-Id) fields in the deal/facility identifiers mandatory fields...?
 - The electronic standard does not require the fields to be required, hence they should be left as optional. If implementations would like to ensure that the fields are populated (especially for the transition period), then business validations should be added to complement the schema design.
6. How can the CUSIP and ISIN fields be validated to ensure correctness (in terms of structure of the field)...?
 - These fields should be validated in implementations. The standard does not include any rules for structure of Id fields (except for type definition).

3.1.1 Notice Types Summary

Notice Type	Description
Drawdown Notice	Communication to the lender community by the agent bank that a new contract is being created. The lender will be borrowing against one of the facilities within a given credit agreement.
Rate Set Notice	Communication to the lender community by the agent bank as to what the rate will be for a given interest period within a contract.
Scheduled Principal Repayment Notice	Communication to the lender community by the agent bank that a repayment is due on one or more facilities. This repayment would be in accordance with a pre-defined schedule on the credit agreement.
Interest Payment Notice	Communication to the lender community by the agent bank that interest is due on an outstanding contract.
Unscheduled Mandatory Principal Repayment Notice	Communication to the lender community by the agent bank that a principal repayment is being made by the borrower based on an event which has occurred on the credit agreement.
Unscheduled Voluntary Principal Repayment Notice	Communication to the lender community by the agent bank that a principal repayment is being made by the borrower.
Confirm Unscheduled Mandatory or Voluntary Principal Repayment Notice	Communication by the lender to the agent bank that they will be either accepting or rejecting the mandatory or voluntary repayment being proposed by the agent bank/borrower.
On-Going Fee Payment Notice	Communication to the lender community by the agent bank that on-going fees are due on an outstanding facility.

3.2 Drawdown Notice

3.2.1 Scenario / High-level Business Process

As shown in Figure 3, the borrower will provide the agent bank with a written notice requesting a new drawdown against an existing facility. The agent will receive the notice and calculate the amount of principal due from each lender based on their respective share of the underlying utilized commitment.

A drawdown notice will be created by the agent bank for each of the lenders. Each of the lenders will receive it and make a payment to the agent bank. The agent bank will then make a single subsequent payment to the borrower.

Please note that the scenario also illustrates the situation where the agent bank may opt to make a payment to the borrower before payment from the lenders (this situation is a common occurrence in Europe).

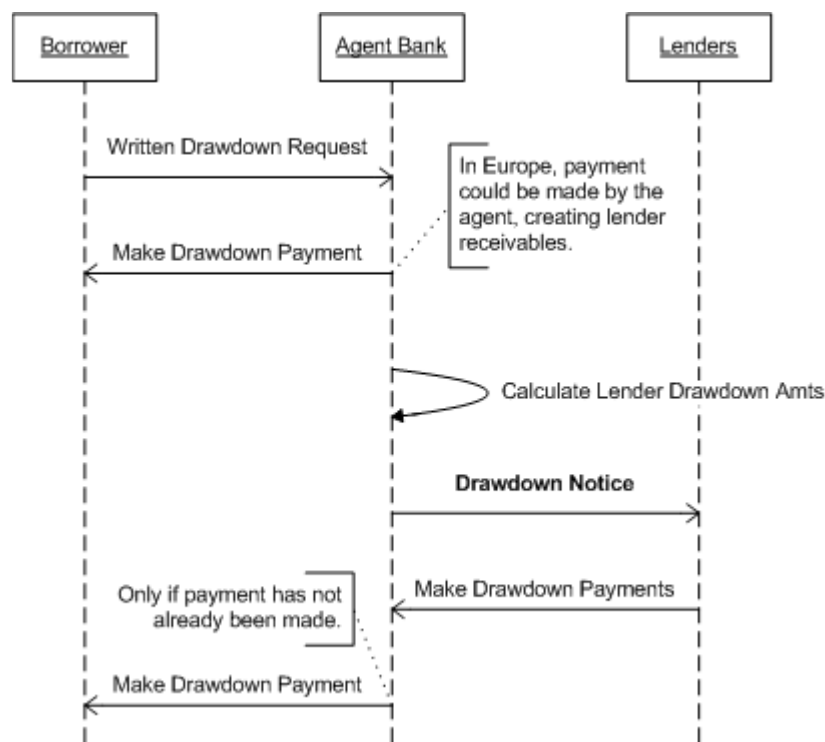


Figure 3 : Drawdown Notice Business Process

Questions

1. At what points in this flow is the borrower allowed to cancel the drawdown request...?
 - The borrower can change their mind, but if the funding has already taken place then there is a cost associated with unwinding the transaction.
2. If the agent bank sends out incorrect drawdown notice amounts, what should the "correction" message look like...?
 - It should look like the original notice but be depicted as a correction and the fundamental components of the notice are repeated.
3. It may be possible to use the conversation id, version id in order to systematically represent this.
4. Should we consider any circumstances where the lender can refuse to make a drawdown payment...?
 - Not a valid scenario based on the credit agreement.

3.2.2 Drawdown Notice Data Fields

Data Field	Data Type	Required?	Comments / Outstanding Issues / Questions
Message Header – COMMON			
Notice Details – COMMON			
Notice Type – COMMON			
Deal – COMMON			
Facility – COMMON			
Loan Contract – COMMON			
Drawdown Notice Details			
Drawdown Notice Event Type	Text List	Y	This field is used to differentiate between a New Drawdown Event and a Rate Set Event. This tag can be used to drive validation differences between the two.
Condition Precedent Met	Text List	N	A flag stating whether conditions precedent have been met for this facility.
Drawdown Payment			
Payment Date	Date	Y	Defaults to the effective date on the loan contract.
Share Loan Contract Amount	Amount	Y	The amount to be paid by the lender to the agent bank. This is based on the share of the overall commitment that the lender is assigned.
Facility Commitment Position			
Loan Contract Position			

Questions

1. Does the agent bank know what the rate fix date is when the sending out the drawdown notice...?
 - Yes.
2. Is the mandatory liquid asset cost known at the time of drawdown notice...?
 - No. It is based on the interest rate – there is a pre-defined algorithm that is used to calculate the MLA.
3. Is there such thing as a margin set date...? When is the margin decided – drawdown notice time or rate set time...? (The thought is that the covenants within the credit agreement could potentially change the margin amount between drawdown notice and rate setting.)
 - Yes there is a margin set date. We will have to define a separate notice for the margin setting.
4. Should a system to system communication protocol be concerned with lender contacts...? A streamlined process would assume that the destination system will manage their internal loan administration staff responsibilities.
 - A true system to system solution should not have the sender transmitting contact details. It is a non-required section within the specification.
5. Is there a payment date associated with this notice. Should we explicitly state the date on which the share loan contract amount should be paid by the lender to the agent bank...?
 - We should include a payment date, in most cases it will default to the effective date on the loan contract.

3.3 Rate Set Notice

3.3.1 Scenario / High-level Business Process

At the time that the drawdown notice is sent out by the agent bank, the interest rate to be applied to the contract is not always known. The agent bank will therefore send out the drawdown notice without the interest rate information and then provide the interest rate details in a separate Rate Set Notice.

The advantage of separating these two notices is to provide the lender with as much advance notice as possible of the pending upcoming contract.

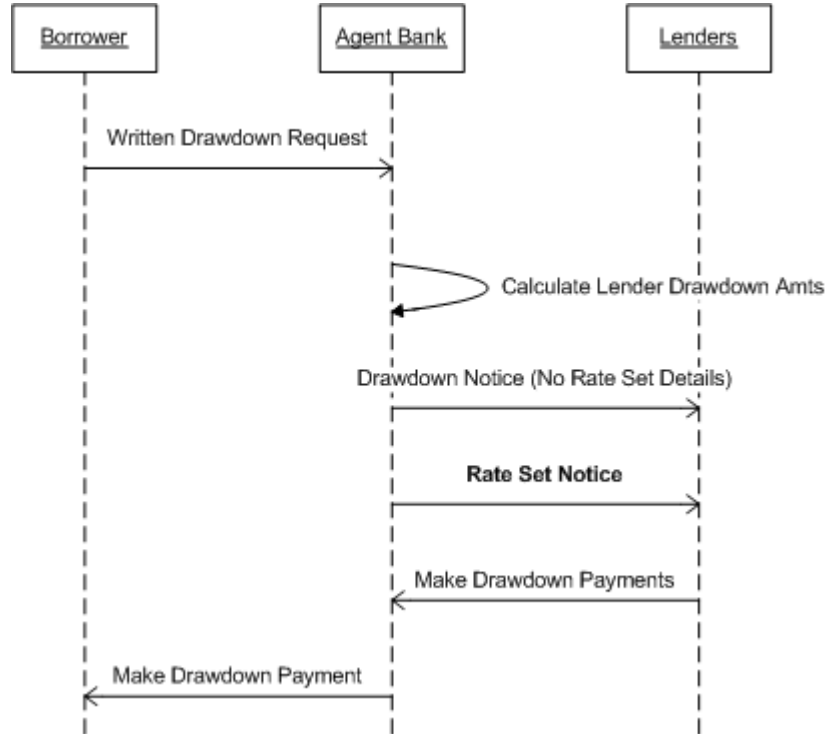


Figure 4 : Rate Set Notice Business Process

Questions

None.

3.3.2 Rate Set Notice Data Fields

Data Field	Data Type	Required?	Comments / Outstanding Issues / Questions
Message Header – COMMON			
Notice Details – COMMON			
Notice Type – COMMON			
Deal – COMMON			
Facility – COMMON			
Loan Contract – Current Interest Rate Period – COMMON OVERRIDE			
Rate Fixing Date	Date	Y	Date on which the underlying interest rate is fixed.
Start Date	Date	Y	Date on which this interest period begins.
End Date	Date	Y	Date on which this interest period ends.
Interest Rate Type	Text List	Y	
Interest Rate	Basis Point Amount	Y	
Margin	Basis Point Amount	Y	
Mandatory Liquid Asset Cost	Basis Point Amount	Y	Charged by the FSA, applicable for UK funded contracts only.
All In Rate	Number	Y	(Interest Rate + Margin + Mandatory Liquid Asset Cost) = All In Rate
Interest Day Basis	Text List	Y	Day count calculation treatment for the interest accrual.
Tenor	Number	Y	
Projected Interest Amount	Amount	N	Projected amount of interest that will be paid by the Agent bank at the end of the interest period.
Drawdown Notice Details			
Drawdown Notice Event Type	Text List	Y	This field is used to differentiate between a New Drawdown Event and a Rate Set Event. This tag can be used to drive validation differences between the two.
Drawdown Payment			
Payment Date	Date	Y	Defaults to the effective date on the loan contract.
Share Loan Contract Amount	Amount	Y	The amount to be paid by the lender to the agent bank. This is based on the share of the overall commitment that the lender is assigned.
Facility Commitment Position			
Loan Contract Position			

3.4 Interest Payment Notice

3.4.1 Scenario / High-level Business Process

The agent bank will request that the borrower makes an interest payment. The borrower will make a payment to the agent bank after which the agent bank will calculate each lender's interest amounts.

The interest calculation is performed for the life of the contract period and each lender is then subsequently paid based on their individual balances and the interest rate throughout the period.

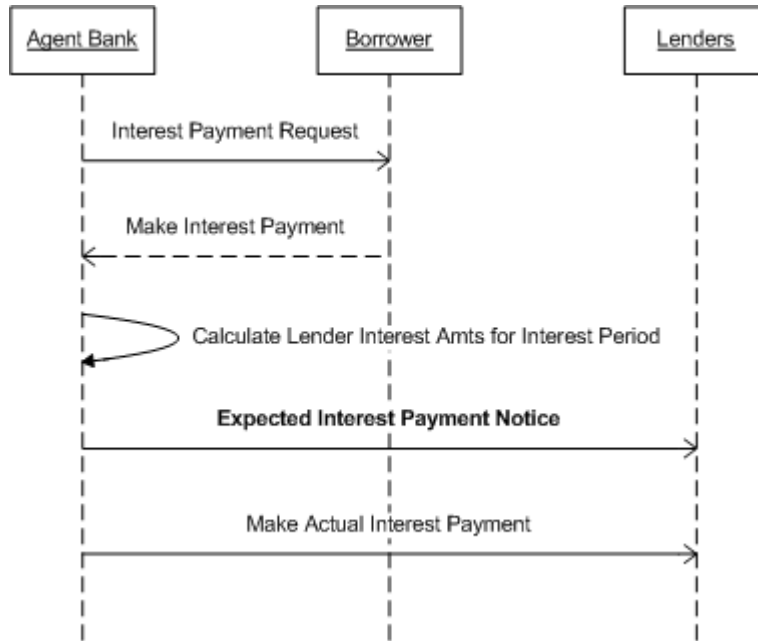


Figure 5 : Interest Payment Notice Business Process

Questions

1. Should a confirmation from the lenders be required for this notice type...?
- *No a confirmation is not required*
2. Does the borrower always pay the agent before the agent makes payments to the lenders...?
- *These usually occur on the same day. But there is a 'clawback' clause within UK credit agreements.*

3.4.2 Interest Payment Notice Data Fields

Data Field	Data Type	Required?	Comments / Outstanding Issues / Questions
Message Header – COMMON			
Notice Details – COMMON			
Notice Type – COMMON			
Deal – COMMON			
Facility – COMMON			
Loan Contract – COMMON			
Interest Payment			
Interest Payment Date	Date	Y	Date on which interest was paid to the lender by the agent bank.
Global Interest Payment Amt	Amount	Y	Interest amount paid by the borrower to the agent bank.
Share Interest Payment Amt	Amount	Y	Interest amount paid to the specific lender.
Interest Calculation Method	Text List	Y	A enumerated type used to define whether the agent bank is making an interest payment based on the lender pro-rata share at the end of the period or on the lender position throughout the period. Agent Banks decide which way to calculate the interest for a deal.

Within every Interest Payment Notice there can be one or more Lender Position Periods:

Lender Loan Contract Period			
Start Date	Date	Y	Date on which the lender position period begins.
End Date	Date	Y	Date on which the lender position period ends.
Share Commitment Amount	Amount	N	
Share Loan Contract Amount	Amount	Y	Loan contract amount allocated to the lender.

Within every Interest Payment Notice there can be one or more Interest Rate Periods:

Interest Rate Period			
Rate Fixing Date	Date	Y	Date on which the underlying interest rate is fixed.
Start Date	Date	Y	Date on which this interest period begins.
End Date	Date	Y	Date on which this interest period ends.
Interest Rate Type	Text List	Y	
Interest Rate	Basis Point Amount	Y	
Margin	Basis Point Amount	Y	
Mandatory Liquid Asset Cost	Basis Point Amount	N	Charged by the FSA, applicable for UK funded contracts only.
All In Rate	Number	Y	(Interest Rate + Margin + Mandatory Liquid Asset Cost) = All In Rate
Interest Day Basis	Text List	Y	Day count calculation treatment for the interest accrual.
Tenor	Number	Y	

The borrower may also have the option of capitalizing (PIK) the interest on the loan. This is defined within the PIK period.

PIK Period			
Start Date	Date	Y	Date on which this PIK period begins.
End Date	Date	Y	Date on which this PIK period ends.
PIK Amount	Amount	Y	The dollar amount of interest which is capitalized.

Where the Interest Rate Period and the Lender Position Period are constant, an Interest Accrual Period is generated:

Interest Accrual Period			
Start Date	Date	Y	
End Date	Date	Y	
Share Loan Contract Amount	Amount	Y	
Share Interest Accrual Amount	Amount	Y	

Thus, the Interest Accrual Period is affected by two major underlying factors:

- A change in the margin against the loan (represented by two or more interest periods)
- A change in the lenders position which causes a change in the lenders contract amount (represented by two or more lender position periods)

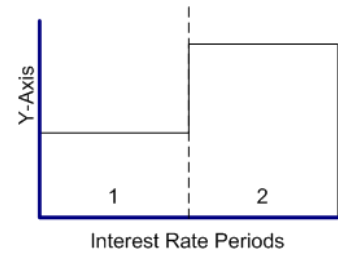
It is important that any single interest accrual period should be bounded by either one of these activities occurring.

Questions

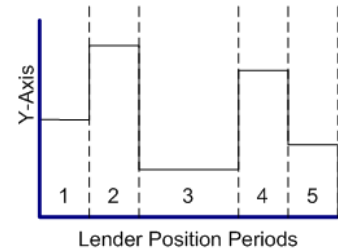
1. Is the tenor required within the Interest Rate Period section...?
 - Yes
2. Is the interest payment date the date on which the borrower paid the agent or when the agent paid the lender.
 - This is assumed to be the same date.
3. Is it absolutely necessary that the lender be communicated the contract balance shifts on the contract in the interest notice or is it sufficient that the agent bank simply provides the net interest amount...? In this case, another option would be to create another message type e.g. "interest period lender position" which can optionally be sent separately. This would be used as a reconciliation between the agent bank.
 - Yes, it would be prudent to send this information as the agent bank has this information at hand.

Since the interest payment notice is somewhat complex, the diagram below shows a diagrammatic representation of the business scenario (Figure 6).

There could be a shift in the margin rate during a single contract period.



The lender could also be buying and selling portions of the commitment (facility), which would cause shifts in the contract amount held by the lender during a single contract period.



This would result in the agent bank having to calculate many interest accrual periods for the life of the contract period. The sum of these accruals would be the interest amount which is due to the lender.

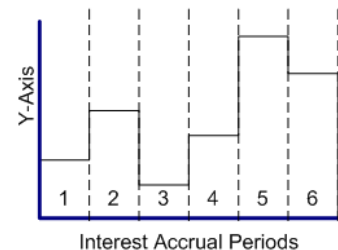


Figure 6 : Calculation of Interest Accruals

3.5 Scheduled Principal Repayment Notice

3.5.1 Scenario / High-level Business Process

The agent bank will request that the borrower makes a principal repayment. The borrower will make a payment to the agent bank after which the agent bank will calculate each lender's principal amount.

The principal calculation is performed based on the position that the lender is currently holding and each lender is then subsequently paid.

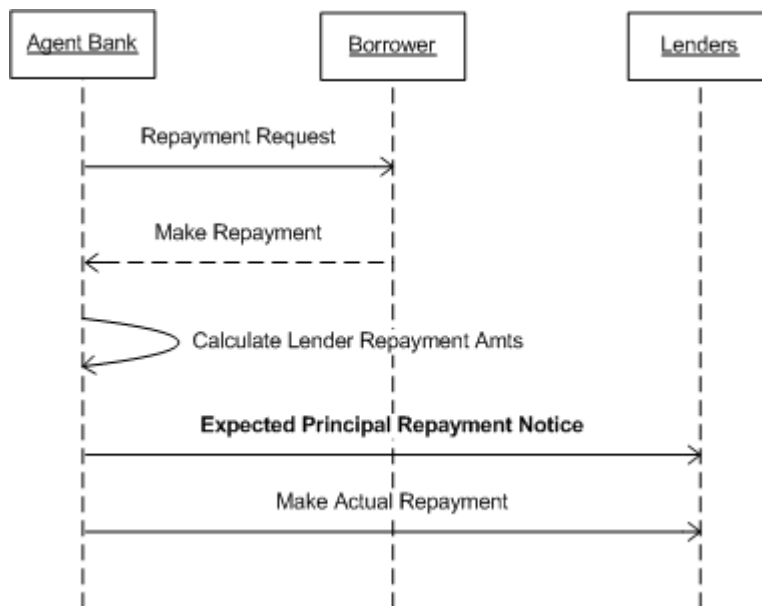


Figure 7 : Principal Repayment Notice Business Process

Questions

1. Should a confirmation from the lenders be required for this notice type...?
- No.
2. Does the borrower always pay the agent before the agent makes payments to the lenders...?
- Yes this is the case.

3.5.2 Scheduled Principal Repayment Notice Data Fields

Please note that these data fields are shared between the scheduled and unscheduled principal repayment types.

Data Field	Data Type	Required?	Comments / Outstanding Issues / Questions
Message Header – COMMON			
Notice Details – COMMON			
Notice Type – COMMON			
Deal – COMMON			
Facility – COMMON			
Facility Commitment Position			
Loan Contract Position			
Facility Repayment			
Refusal Allowed	Flag	Y	Defines whether the lender has an option to accept or deny the repayment.
Repayment Date	Date	Y	Date on which the principal amount was paid to the lender by the agent bank.
Repayment Amount	Amount	N	Global principal amount paid by the borrower to the agent bank.
Share Repayment Amount	Amount	Y	Principal amount paid to the specific lender.
Commitment Adjustment Flag	Flag	Y	Shows whether the repayment has resulted in a commitment adjustment.
Breakage Cost Provider	Text List	N	Defines which party in the deal is responsible for calculating the breakage cost. It is either the Agent Bank or the Lender.

Within every Principal Repayment Notice there can be one or more contracts repaid.

Loan Contract Identifier			
Loan Contract Id	Date	Y	
Loan Contract Amount	Amount	N	
Maturity Date	Date	N	
Interest Rate Type	Text List	N	
Loan Contract Repayment			
Loan Contract Repayment Amount	Amount	N	
Share Loan Contract Repayment Amount	Amount	Y	
Interest Paid on Repayment	Flag	Y	Shows whether interest is paid at the same time as the repayment.

Questions

- Do we need to communicate both the global and share prepayment fee amounts...?
 - Yes
- Is it possible to have a principal repayment against different contracts in different currencies...?
 - A single repayment will be in a single currency.

Should we include a prepayment fee flag in the repayment section (on the facility-level)...

3.6 Unscheduled Mandatory & Voluntary Principal Repayment Notice

3.6.1 Scenario / High-level Business Process

Due to the nature of credit agreements, two additional categories of repayments can be made by the borrower, against any outstanding contracts:

- **Unscheduled Mandatory Principal Repayments.**
 - Mandatory repayments are the result of some kind of restructuring or change in the credit agreement which has had the effect of requiring a principal repayment (this could result in a pre-payment fee).
- **Unscheduled Voluntary Principal Repayments.**
 - Voluntary repayments are simply due to the borrowers desire to make a repayment (this also maybe subject to a pre-payment fee).

In both of the scenarios above, depending on the circumstance, the lender may have the option of either accepting or refusing the repayment (the lender also has the right to accept a portion of the repayment). It is up to the agent bank to communicate which repayments are optional from the lenders perspective.

It is also noted that the lender cannot choose which contract to accept. The agent bank makes a determination based on the acceptance levels and will ensure that contracts are reduced on a pro-rata basis amongst the accepting lenders.

It has been agreed that two-way communication for this event type has been re-prioritized to Phase 3 development. This section only describes the final notification that is made AFTER all votes for inclusion in a non-scheduled prepayment have been defined.

The message format for the unscheduled mandatory or voluntary principal repayment notice is the same as for the scheduled principal repayment notice. The field within the Notice Type section called Notice Confirmation Required will be set to "Yes" if a confirmation is required from the lender.

The confirmation message does not require the full data set of fields and is specified in 5.2.1.

Questions

1. Can the lender opt to accept a fraction of the repayment amount...?
 - Yes. *But cannot choose which share contracts they would like to have repaid.*
2. Should we be capturing a prepayment fee with this transaction type...?
 - Yes.

3.7 On-Going Fee Payment Notice

3.7.1 Scenario / High-level Business Process

The agent bank will request that the borrower makes a fee payment in accordance with the credit agreement. The borrower will make a payment to the agent bank after which the agent bank will calculate each lender's fee amounts. It is important to note that these fees are all calculated based on facility level information.

The fee calculation is performed for the life of the contract period and each lender is then subsequently paid.

The fee types included in this specification are as follows:

- Commitment Fee: Calculated as a percentage of the unutilized portion of the facility.
- Utilization Fee: Calculated as a percentage of the utilized portion of the facility. This fee type is subject to banding rules - different portions of the utilization amount may be subject to different percentages.
- Facility Fee: Calculated as a percentage of the global commitment amount of a facility.
- Letter of Credit Fee: Calculated as a percentage of the outstanding Letter of Credit exposure within a facility.

It is important to note that the FX rate associated with a loan contract can have an effect on the fees charged. For the commitment and utilization fees, since they are calculated on the balance of the utilization, can fluctuate together with the FX rate. It will be important to capture the FX rate schedule in this scenario.

For more details on any of these terms or definitions, please refer to the associated LSTA Terms Dictionary.

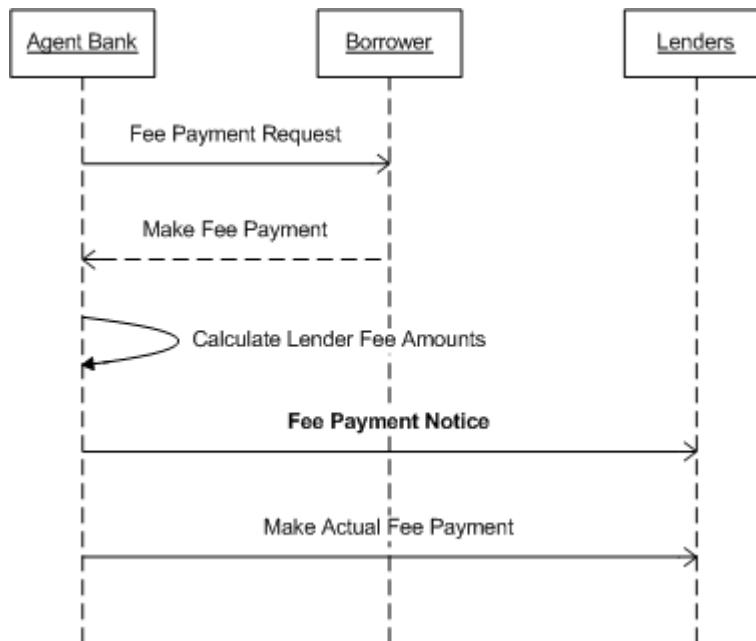


Figure 8: On-Going Fee Payment Notice

Questions
None

3.7.2 On-going Fee Payment Notice Data Fields

Data Field	Data Type	Required?	Comments / Outstanding Issues / Questions
Message Header – COMMON			
Notice Details – COMMON			
Notice Type – COMMON			
Deal – COMMON			
Facility – COMMON + OVERRIDES			
Fee Payment			
Start Date	Date	Y	
End Date	Date	Y	
Fee Type	Text List	Y	
Payment Date	Date	Y	Date on which the fee was paid to the lender by the agent bank.
Currency	Text List	Y	Currency in which the fee payment is made.
Global Fee Payment	Amount	Y	Fee amount paid by the borrower to the agent bank.
Share Fee Payment	Amount	Y	Fee amount paid to the specific lender.
Fee Day Basis	Text List	N	The day basis associated with fees against this facility.

Within every On-Going Fee Payment Notice there **MUST** be:
EITHER one or more Lender Position Periods:

Lender Commitment Period (only required for Facility Fee Type)			
Start Date	Date	Y	Date on which the lender position period begins.
End Date	Date	Y	Date on which the lender position period ends.
Share Commitment Amt	Amount	Y	
Global Commitment Amt	Amount	Y	

OR one or more Lender Utilization Periods:

Lender Utilization Period (only required for Utilization Fee Type)			
Start Date	Date	Y	Date on which the utilized position period begins.
End Date	Date	Y	Date on which the utilized position period ends.
Share Utilization Amt	Amount	Y	
Global Utilization Amt	Amount	Y	

OR one or more Unutilized Position Periods:

Lender Unutilized Period (only required for Commitment Fee Type)			
Start Date	Date	Y	Date on which the lender unutilized position period begins.
End Date	Date	Y	Date on which the lender unutilized position period ends.
Share Unutilized Amt	Amount	Y	
Global Unutilized Amt	Amount	Y	

AND one or more Fee Rate Periods:

Fee Rate Period			
Start Date	Date	Y	Date on which this fee rate begins.
End Date	Date	Y	Date on which this fee rate period ends.
Fee Rate	Basis Point Amount	Y	

AND if the facility is multi-currency and the loan contract is not denominated in the facility currency then there **MUST** be one or more FX Rate Periods:

FX Rate Period			
Start Date	Date	Y	Date on which this FX rate period begins.
End Date	Date	Y	Date on which this FX rate period ends.
FX Rate	Amount	Y	

There needs to be a fee rate period for every combination of loan contract currency to facility currency. In a multi-currency facility it is possible to have many loan contracts each denominated in a different currency. Each combination would need to be represented here.

Thus when the Fee Rate Period and either the Lender, Lender Utilization, Lender Unutilized or LC Position Period are constant, a Fee Accrual Period is generated:

Fee Accrual Period			
Start Date	Date	Y	
End Date	Date	Y	
Global Fee Accrual	Amount	Y	
Share Fee Accrual	Amount	Y	

Thus, the Fee Accrual Period can be affected by four major underlying factors:

- A change in the fee rate against the loan (represented by two or more fee periods)
- A change in the lenders position which causes a change in the lenders commitment/utilization amount (represented by two or more lender position periods)
- A new borrowing made
- In some circumstances: A change in the FX rate (in the case of a multi-currency borrowing)

It is important that any single fee accrual period should be bounded by either one of these activities occurring.

Questions

1. Do we really need to capture the utilized and the unutilized amounts or can we calculate the unutilized from the utilized and commitment levels...?
 - We should not need to carry the unutilized amount in the message.
 - We later see that in the case of a commitment fee, we can transmit one single structure with just the unutilized amount rather than send both the lenders commitment level and the utilized portion. This seems to make sense in this scenario.
2. Is the business scenario such that multiple types of fees would be processed simultaneously...? I have represented the fee type in both the On-Going Fee section and also the Fee Accrual Period section depending on which way we model this situation.
 - Each fee type should be represented on a separate notice, so we do not need to repeat the fee type in the main body and in the details of the message.

3.8 One-Off Fee Payment Notice

3.8.1 Scenario / High-level Business Process

There are cases where the borrower may be required to make a one-off fee payment. This will usually be based on a certain business event occurring. The rules as to how much is charged will be stated in the credit agreement. The only fee type covered in this section is:

- Amendment Fee: A fee charged to the borrower for an amendment being made to the originally agreed credit agreement. The fee is based on a rate (as stated in the agreement) applied to the current commitment level.
- Waiver Fee: This fee represents any fee paid by the borrower to the syndicate lenders/ agent bank for accepting /processing waiver request. Waiver request is sent by the borrower to obtain approval from the syndicate lenders for any of their requirement, which is outside the terms of the agreement.
- Upfront Fee: This fee is also known as Participation Fee, Arrangement Fee etc. This fee represents compensation to the members of the lending syndicate (and sometimes to institutional investors as well) in return for their commitment of capital.
- Facility Extension Fee: This fee represents any fee paid by the borrower to the syndicate lenders for extending an existing facility.
- Funding Fee: Fee associated with the funding requirements for given facility.

The process flow for this event is identical to the on-going fee payment. In addition, it should be noted that facility fees are always paid in facility currency.

3.8.2 One-Off Fee Payment Notice Data Fields

Data Field	Data Type	Required?	Comments / Outstanding Issues / Questions
Message Header – COMMON			
Notice Details – COMMON			
Notice Type – COMMON			
Deal – COMMON			
Facility – COMMON + OVERRIDES			
Fee Payment			
Fee Type	Text List	Y	
Payment Date	Date	Y	Date on which the fee was paid to the lender by the agent bank.
Fee Rate	Basis Point Amount	N	
Global Fee Payment	Amount	N	Fee amount paid by the borrower to the agent bank.
Share Fee Payment	Amount	Y	Fee amount paid to the specific lender.

Questions

1. Should the fee rate be always required or is it only applicable in certain scenarios...?

4 Loan Administration Notices – Phase 2

4.1 Rollover Notice

4.1.1 Scenario / High-level Business Process

Loans are usually based on an underlying rate (usually LIBOR). These quoted rates are usually of shorter tenor than the facility within which a particular loan is contained (e.g. 3 month LIBOR). These shorter tenor loans must undergo a rate reset process, which allows the lender to re-establish the underlying rate associated with the loan. This process is termed a 'rollover' within the syndicated loan market. During a rollover, it is possible that the borrower may:

- Repay principal
- Pay interest
- Combine or split multiple outstanding loans into a different borrowing configuration

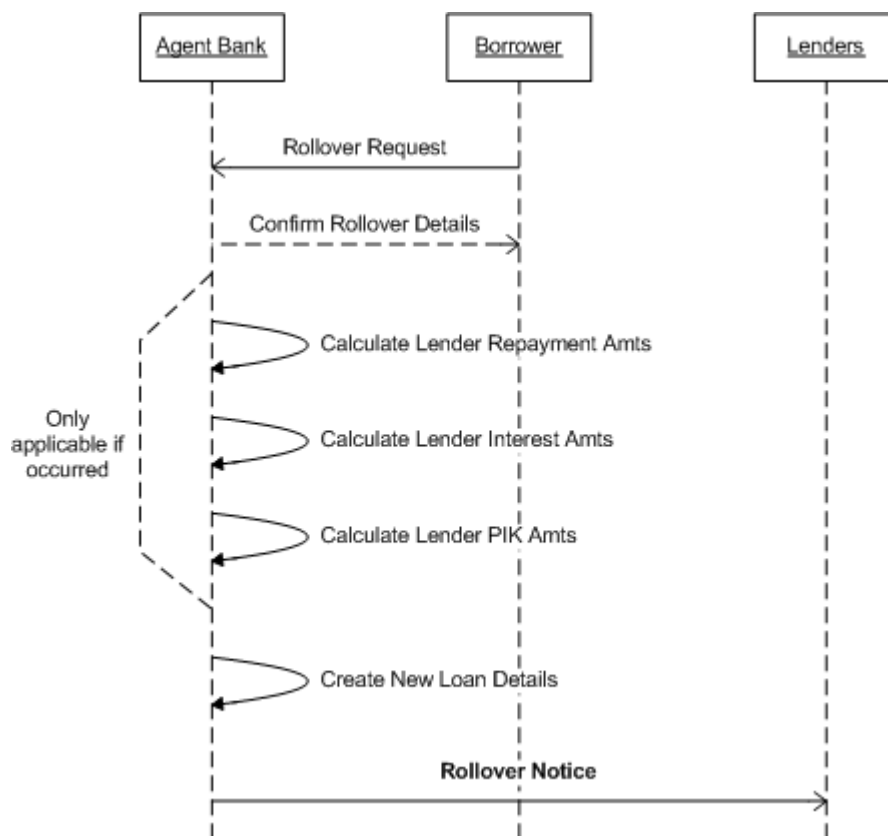


Figure 9: Loan Rollover Notice

4.1.2 Rollover Notice Data Fields

Data Field	Data Type	Required?	Comments / Outstanding Issues / Questions
Message Header – COMMON			
Notice Details – COMMON			
Notice Type – COMMON			
Deal – COMMON			
Facility – COMMON			
Facility Commitment Position			
Loan Contract Position			

Section 1: Each rollover can contain one or more maturing loan contracts. A maturing loan contract is comprised of the following:

Loan Contract Identifier
Interest Payment (see Interest Payment Notice)
Interest Accrual Schedule (see Interest Payment Notice)

There may or may not be a physical repayment associated with the rollover. Therefore each rollover can contain either zero or exactly one repayment section.

The repayment (if it does exist) will contain a single facility repayment section:

Facility Repayment (see Repayment Notice)

And one or more Loan Contract Repayments:

Loan Contract Repayment (see Repayment Notice)
--

Section 2: Each rollover can contain one or more new loan contracts. A new loan contract is comprised of the following:

Loan Contract - COMMON

There may be an increase in the total amount of the outstanding loan contracts after the rollover is complete. In this case, there would need to be a drawdown payment. Therefore each rollover can contain either zero or one drawdown payment:

Drawdown Payment (see Drawdown Notice)
--

Due to the disjoint nature of the maturing and new loan contracts sections, it is possible to model both simple and complex rollover situations here. The connection between the old contracts and new ones are implicitly shown within the message.

4.2 Letter of Credit Issuance Notice

4.2.1 Scenario / High-level Business Process

There are certain types of facilities (usually revolvers) that can be utilized by letter of credits (LCs). In this case, the borrower is requesting that an LC be granted to a beneficiary (usually someone who does business with the borrower), thus protecting the beneficiary in the case where the borrower fails to make a payment to them, in their normal course of business.

In the event that the borrower fails to make a payment to the beneficiary, the beneficiary can immediately request funds from the issuing bank, and the issuing bank must then be reimbursed by either the borrower or the lenders. If the lenders fund, then the LC is effectively transformed into a loan contract.

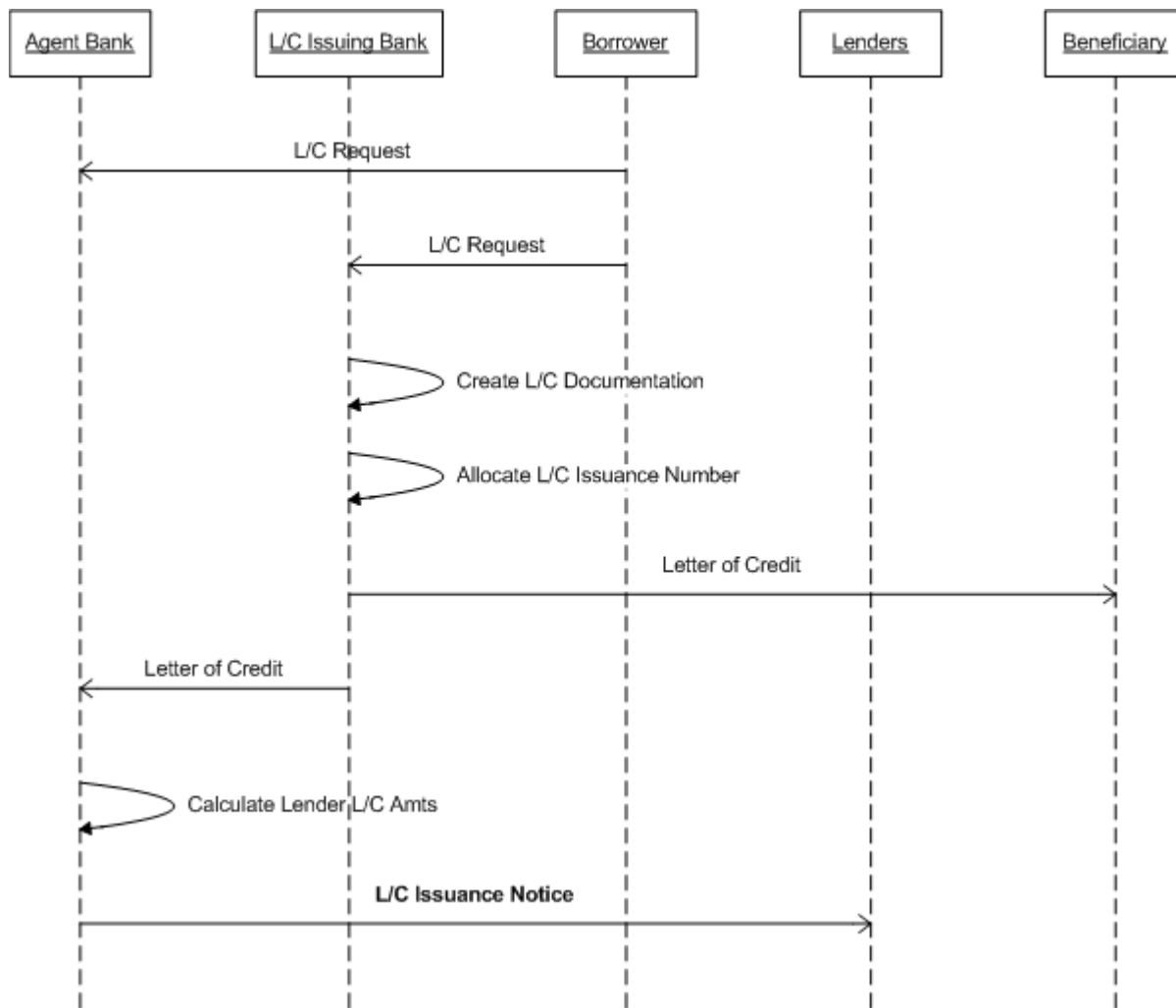


Figure 10: Letter of Credit Issuance Notice

In terms of the high-level process, the agent bank is responsible for communicating the intent of the borrower to both the LC issuing bank and the lenders. The issuing bank is responsible for creation of the LC contract and allocation of the LC number. Once this process is complete, the issuing bank issues the LC to the beneficiary. N.B. there can be many potential issuing banks stated at the deal level (on the credit agreement), but only one can issue a single L/C.

The lenders' shares are managed by the agent bank in the same way as any loan contract on the facility.

4.2.2 Letter of Credit Issuance Notice Data Fields

Data Field	Data Type	Required?	Comments / Outstanding Issues / Questions
Message Header – COMMON			
Notice Details – COMMON			
Notice Type – COMMON			
Deal – COMMON			
Facility – COMMON			
Facility Commitment Position (Optional – would this be used in this notice type?)			
Loan Contract Position (Optional – would this be used in this notice type?)			
Letter of Credit			
LC Id Type	Alphanumeric	Y	The type associated with Id.
LC Id	Alphanumeric	Y	Can contain LC issuance number, CUSIP, ISIN etc...
Issuing Bank	Text	Y	
LC Type	Text List	Y	
LC Purpose	Text List	Y	
Borrower	Text	Y	
Original LC Amount	Amount	Y	
Global LC Amount	Amount	Y	
Effective Date	Date	Y	
Expiry Date	Date	Y	
FX Terms	Complex	N	
Evergreen Option	Complex	N	An option allowing the borrower to extend the tenor of the LC.

For every L/C there can be one or more stated beneficiary, all of whom will be referenced within the L/C contract:

Beneficiary	Text	Y	
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The main body of the message simply contains all the details of the letter of credit. Since this is unfunded utilization, there is no cash payment resulting.

Each letter of credit could have an evergreen option, the details of which are described below.

Evergreen Option			
Extension notice period	Number	Y	The number of calendar days before the end of the LC that the borrower must state whether they would like to extend the LC.
Extension Period	Number	Y	
Final Expiration Date	Date	Y	

In an issuance notice, it is also required to state the lenders share of the L/C.

Letter of Credit Issuance			
Lender Share LC Amount	Amount	Y	

An important point raised is that the issuing banks have proprietary numbering schemes for LCs. This representation is not standardized across the market and this standard must be able to cope with alphanumeric schemes which can vary in length. The LC Id Type/LC Id fields should be able to accommodate the number, but in order to avoid confusion it is important to include the issuing bank which created it (two issuing banks may have similar number schemes).

Questions

1. Should the original amount of the LC be an optional field...?

4.3 Letter of Credit Balance Notice

4.3.1 Scenario / High-level Business Process

Throughout the life of a letter of credit, it is possible for the borrower to either increase or decrease the notional value of the LC. These balance changes are subject to the rules stated on the credit agreement. Once the global balance changes, it is important for the agent bank to communicate the position level shifts to each of the lenders. The issuing bank communicates the updated balance to the beneficiary.

Two main scenarios exist:

- The balance of the LC can shift on request from the borrower due to a change in the financing requirement between the borrower and the beneficiary of the LC. This does not result in any further cash flows but simply requires a restatement of the LC agreement.
- The LC balance of the LC can shift based on the fact that there has been a failure to pay on the part of the borrower to the beneficiary. The beneficiary draws funds against the LC, which results in the LC amount being reduced and a new loan drawing taking place. The LC reduction and new loan notional should match.

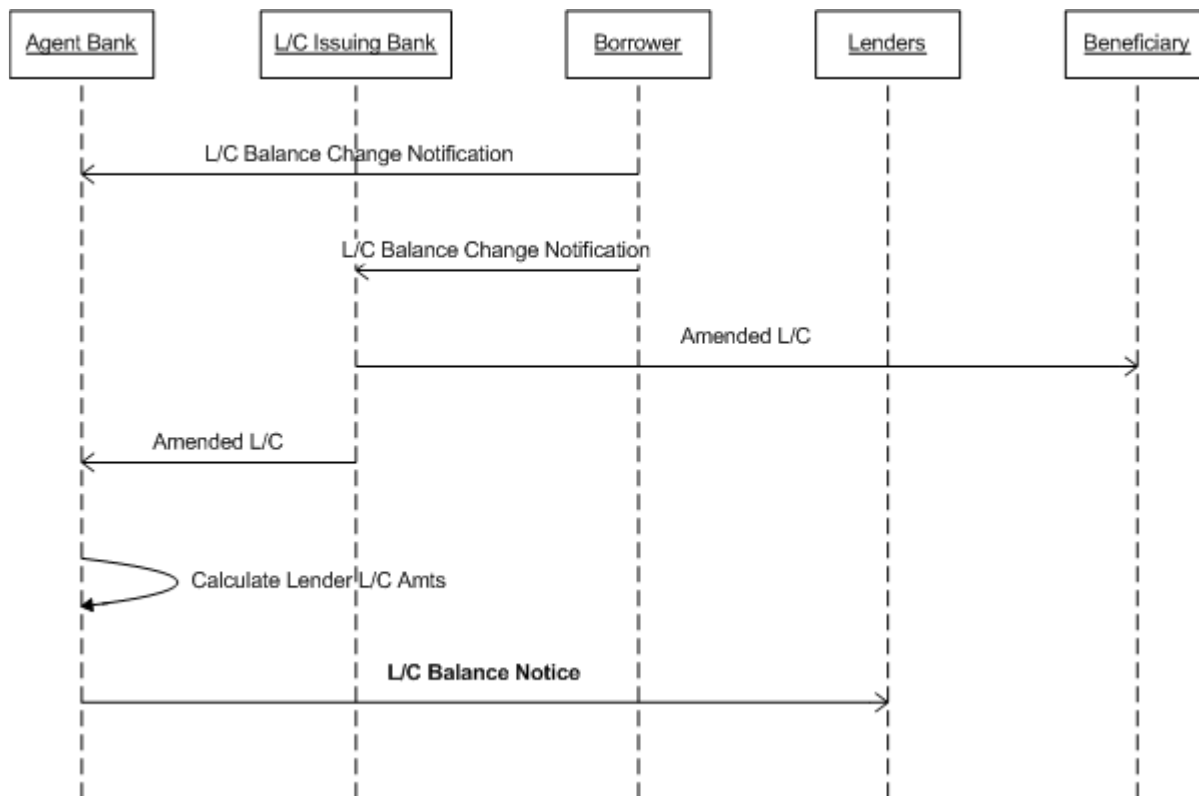


Figure 11: Letter of Credit Balance Notice

Question

1. Is it possible for the borrower to reimburse the loan immediately or would the agent bank request funds from the lenders (in most cases)...?
2. Under what circumstances, if any, can the lenders refuse to pay the cash against the loan...?
3. Does the initial cash come from the issuing bank (once the beneficiary draws against the LC)...? Assumption is that the cash then gets reimbursed from either the borrower or the lenders via the agent bank. Is this correct...?

4. Should there be a validation to ensure that the LC amount MUST reduce if the LC Draw flag is set to true...?

4.3.2 Letter of Credit Balance Notice Data Fields

In addition to the basic LC description fields, it is important for validation, to signify whether this is just a basic balance change or whether there will be a subsequent drawing against the LC reduction. A flag has been introduced to signify this.

Data Field	Data Type	Required?	Comments / Outstanding Issues / Questions
Message Header – COMMON			
Notice Details – COMMON			
Notice Type – COMMON			
Deal – COMMON			
Facility – COMMON			
Facility Commitment Position (Optional – would this be used in this notice type?)			
Loan Contract Position (Optional – would this be used in this notice type?)			
LC Balance			
LC Id Type	Alphanumeric	Y	The type associated with Id.
LC Id	Alphanumeric	Y	Can contain LC issuance number, CUSIP, ISIN etc...
Issuing Bank	Text	Y	
Effective Date	Date	Y	Effective date of the balance change.
Prior Amount	Amount	Y	Both position and global amount should be shown here.
Current Amount	Amount	Y	Both position and global amount should be shown here.
Balance Change Amount	Amount	Y	
LC Draw Flag	Flag	Y	Set to false for a normal increase or decrease in the LC amount. An LC draw results in a reduction of the LC amount and signifies that a loan drawdown will take place in conjunction with this message.

4.4 Letter of Credit Amendment Notice

4.4.1 Scenario / High-level Business Process

There can be numerous amendments to an LC contract. These need to be communicated to all lenders once the amendment has been agreed between the borrower and the issuing bank.

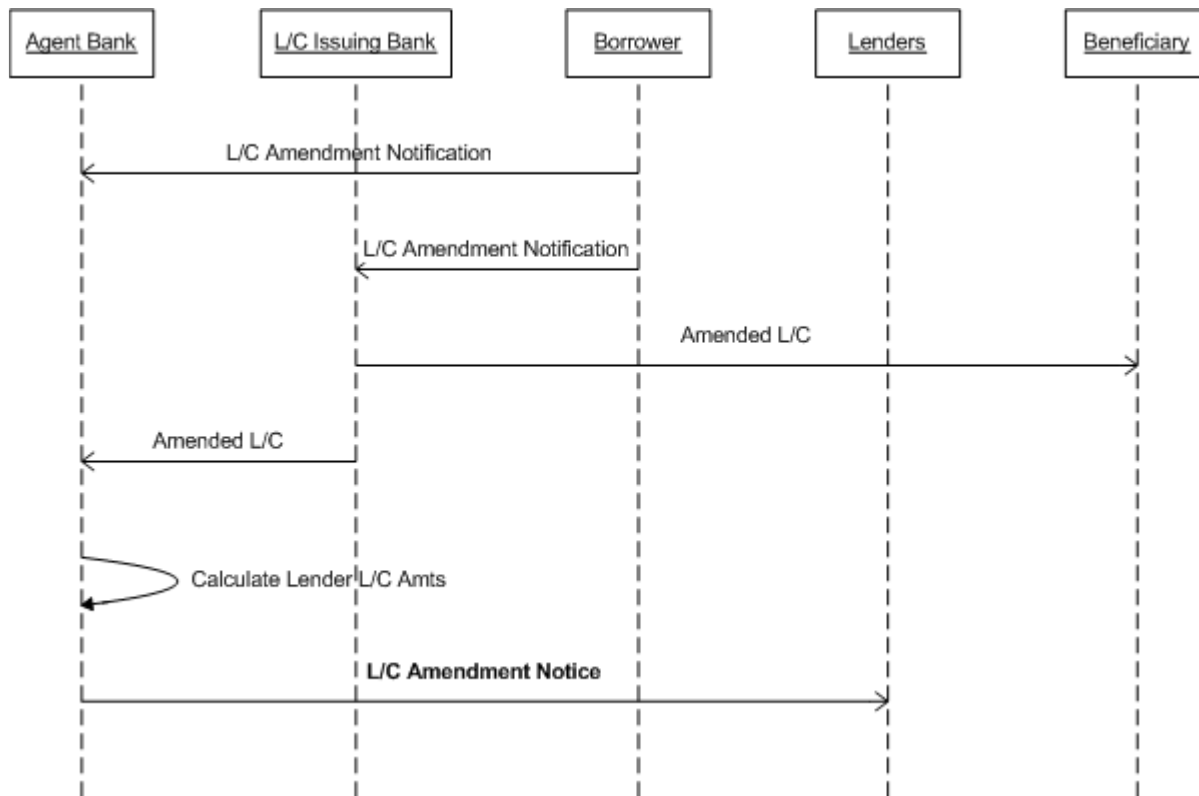


Figure 12: Letter of Credit Amendment Notice

4.4.2 Letter of Credit Amendment Data Fields

Data Field	Data Type	Required?	Comments / Outstanding Issues / Questions
Message Header – COMMON			
Notice Details – COMMON			
Notice Type – COMMON			
Deal – COMMON			
Facility – COMMON			
Facility Commitment Position			
LC Position			
LC Amendment			
Prior LC	Complex	Y	
Current LC	Complex	Y	
Effective Date	Date	Y	Effective date of the LC amendment.

4.5 Letter of Credit Fee Notice

4.5.1 Scenario / High-level Business Process

Every letter of credit has an on-going fee associated with it. These fees are calculated in a similar fashion to the other on-going fees (Section 3.7.2 - Phase 1).

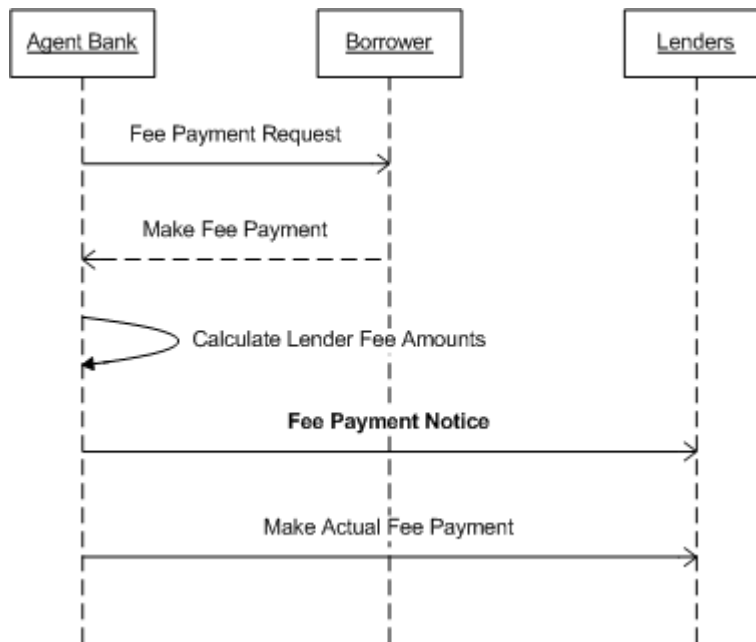


Figure 13: Letter of Credit Fee Notice

The fee is a basic accrual based on the daily L/C balance. It is paid on a frequency as defined in the credit agreement, in a similar fashion to other on-going fees.

Question

1. Does the issuing bank earn any L/C fees or are the fees paid to the lenders only...?

4.5.2 Letter of Credit Fee Notice Data Fields

As mentioned previously, this message type is an extension of the on-going fee type from phase 1 (section 3.7.2). Main header of the on-going fee message:

Data Field	Data Type	Required?	Comments / Outstanding Issues / Questions
Message Header – COMMON			
Notice Details – COMMON			
Notice Type – COMMON			
Deal – COMMON			
Facility – COMMON			
Fee Payment			
Start Date	Date	Y	
End Date	Date	Y	
Fee Type	Text List	Y	
Payment Date	Date	Y	Date on which the fee was paid to the lender by the agent bank.
Currency	Text List	Y	Currency in which the fee payment is made.
Global Fee Payment	Amount	Y	Fee amount paid by the borrower to the agent bank.
Share Fee Payment	Amount	Y	Fee amount paid to the specific lender.
Fee Day Basis	Text List	N	The day basis associated with fees against this facility.

It should be noted that the L/C fee is always denominated in the currency of the underlying L/C itself.

In addition, since this fee type is specific to a particular L/C, we need to be able to reference it directly in the message. The current on-going fee message is a 'facility notice'. The message needs to be extended to contain a reference to the L/C directly. Only a single L/C is referenced in a single message construct.

LC Identifier			
LC Id Type	Alphanumeric	Y	The type associated with Id.
LC Id	Alphanumeric	Y	Can contain LC issuance number, CUSIP, ISIN etc...
Issuing Bank	Text	Y	

In phase 1 we described three types of supporting position details:

- Lender commitment period (facility fee)
- Lender utilization period (utilization fee)
- Lender unutilized period (commitment fee)

The on-going fee message will now have the option of containing one or more Lender LC Position Periods

Lender L/C Position Period (only required for LC Fee Type)			
Start Date	Date	Y	Date on which the L/C position period begins.
End Date	Date	Y	Date on which the L/C position period ends.
Share LC Amt	Amount	Y	
Global LC Amt	Amount	Y	

An additional fee type will have to be introduced, 'Letter of Credit Fee' and there will need to be some validation in order to ensure that the L/C position periods are populated when the fee type is letter of credit fee.

4.6 Letter of Credit Termination Notice

4.6.1 Scenario / High-level Business Process

There are two business scenarios in which an L/C's can be terminated. They can either expire or be cancelled; both of these scenarios would be captured by this notice. A specific effective date must be communicated to ensure correct booking on the part of the lender.

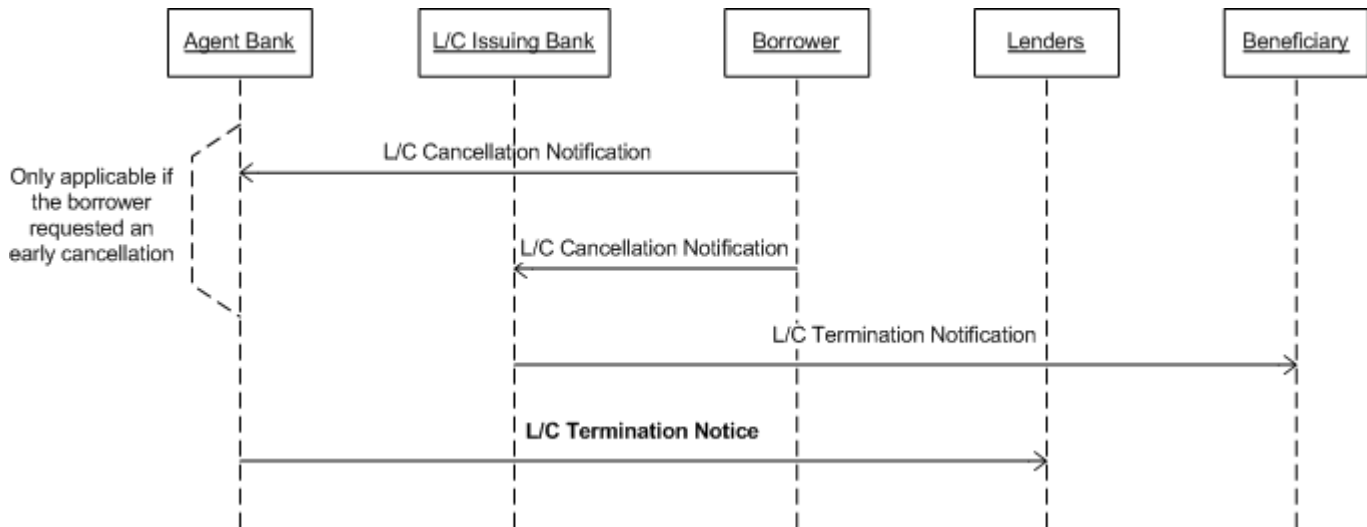


Figure 14: Letter of Credit Termination Notice

4.6.2 Letter of Credit Termination Data Fields

Data Field	Data Type	Required?	Comments / Outstanding Issues / Questions
Message Header – COMMON			
Notice Details – COMMON			
Notice Type – COMMON			
Deal – COMMON			
Facility – COMMON			
LC Identifier			
LC Id Type	Alphanumeric	Y	The type associated with Id.
LC Id	Alphanumeric	Y	Can contain LC issuance number, CUSIP, ISIN etc...
Issuing Bank	Text	Y	
LC Termination			
Effective Date	Date	Y	Effective date of the termination. This is the date on which lenders should book the termination for the purposes of accrual calculations.
Expiry Flag	Flag	Y	Determines whether this event was created due to a natural expiration of the LC or an unscheduled cancellation.
Prior Amount	Amount	Y	Both position and global amount should be shown here.
Current Amount	Amount	N	Both position and global amount should be shown here. Will always be zero here.

Question

1. Do we need the current amount here...? (it will always be zero in this case)

5 Future Phase DRAFT Analysis

5.1 Unscheduled Mandatory & Voluntary Principal Repayment Voting Request/Reply

5.1.1 Scenario / High-level Business Process

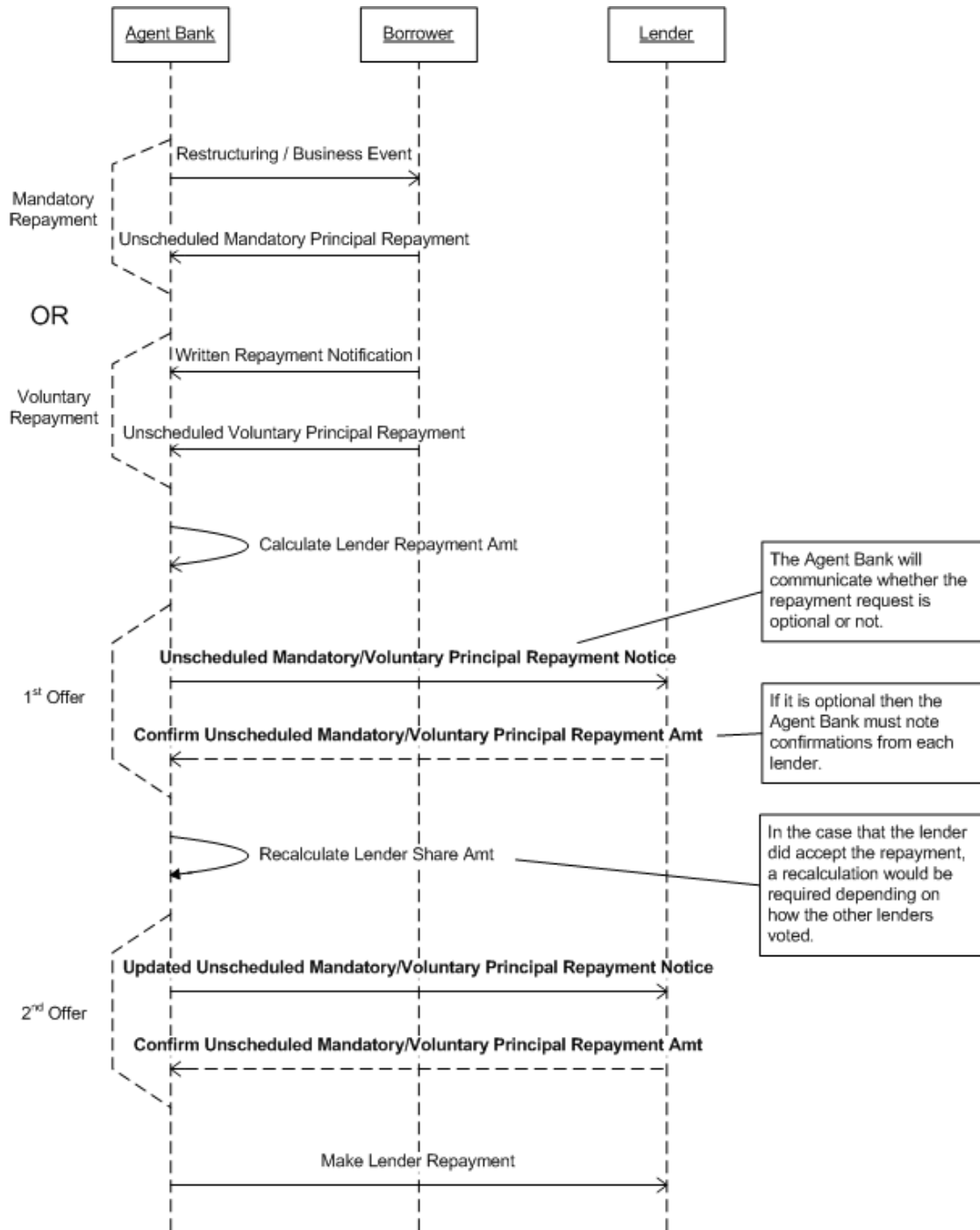


Figure 15 : Unscheduled Mandatory & Voluntary Principal Repayment Notice Business Process

5.1.2 Unscheduled Mandatory & Voluntary Principal Repayment Voting Request/Reply Data Fields

Data Field	Data Type	Required?	Comments / Outstanding Issues / Questions
Message Header – COMMON			
Request Reply Details – COMMON			
Notice Type – COMMON			
Deal – COMMON			
Facility – COMMON			

5.2 Confirm Unscheduled Mandatory & Voluntary Principal Repayment

5.2.1 Confirm Unscheduled Mandatory & Voluntary Principal Repayment Notice Data Fields

Data Field	Data Type	Required?	Comments / Outstanding Issues / Questions
Message Header – COMMON			
Notice Details – COMMON			
Notice Type – COMMON			
Deal – COMMON			
Facility – COMMON			
Confirmation Notice			
Repayment Id	Number	Y	
Version	Number	Y	
Unscheduled Repayment Confirmation	Text List	Y	A response type, which states whether the lender has accepted, partially accepted or rejected the agent bank's request.
Confirmation Amt	Amount	N	The amount that the lender is accepting. If rejecting then no amount is required here.

The text list for the confirmation message above will have the values: Accept, Deny, Partially Accept. Since the borrower is allowed to make this choice

Questions

Is there any extra information that the lender may provide at this point in order to make the workflow more efficient. E.g. is there any other information that the lender is obliged to provide at this point in the business process or is it just a simple 'yes' or 'no' answer...?

- The confirmation amount.

5.3 Loan Contract Definition Request

5.3.1 Scenario / High-level Business Process

In order to make the general business event communication more efficient it is not required to transmit the full loan contract details on every message. This flow has been added to cater for the scenario where the lender may want to request the full loan contract details. It may be the case that the lender is out of sync with the market – e.g. they could be a new lender in the deal.

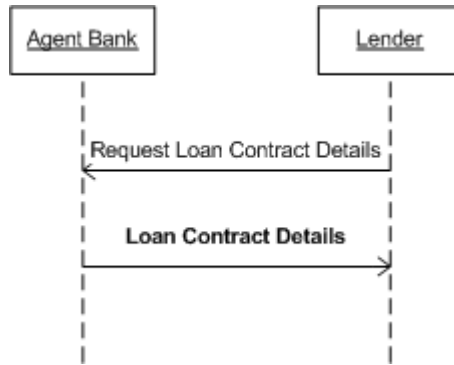


Figure 16 : Request Loan Contract Definition

5.3.2 Loan Contract Request Data Fields

The following message structure is a request for full Loan Contract Details.

Message Header – COMMON
Notice Details – COMMON
Notice Type – COMMON
Deal – COMMON
Facility – COMMON
Loan Contract Identifier

The agent bank would return the full loan contract details as defined below.

Message Header – COMMON
Notice Details – COMMON
Notice Type – COMMON
Deal – COMMON
Facility – COMMON
Loan Contract - COMMON

5.4 Commitment Adjustment Event

5.4.1 Scenario / High-level Business Process

In certain scenarios it is possible for there to be an adjustment in the overall commitment level of a facility as a result of either a planned facility adjustment (e.g. amortization schedule) or as a result of an ad-hoc business event occurring (e.g. an unscheduled pre-repayment). This will only be relevant for certain facility types (e.g. term loans), but there needs to be a message type which clearly defines the shift in the global and share level commitment amounts.

It should be noted that this event type is closely linked to the repayment event but is intended to focus on the global and share level balances of the commitment amount both before and after the event.

5.4.2 Commitment Adjustment Data Fields

Data Field	Data Type	Required?	Comments / Outstanding Issues / Questions
Message Header – COMMON			
Notice Details – COMMON			
Notice Type – COMMON			
Deal – COMMON			
Facility – COMMON			
Commitment Adjustment			
Effective Date	Date	Y	
Prior Global Commitment Level	Amount	Y	
Current Global Commitment Level	Amount	Y	
Prior Share Commitment Level	Amount	Y	
Current Share Commitment Level	Amount	Y	