Introduction

The Loan FpML v5.8 standard for the syndicated loan asset class covers almost all major aspects of agent-lender communication for the purposes of 'asset servicing'. This document aims to provide the reader with a design overview.

Loan Notification Design

The primary aim of the loan schema is to provide a single set of *notifications*. Each notification contains various pieces of information; the 'kernel' being represented by one or more *loan events*. The general design of each notification can be broken down into a few major components, the sections remain constant throughout the design but the contents vary, by notification type.

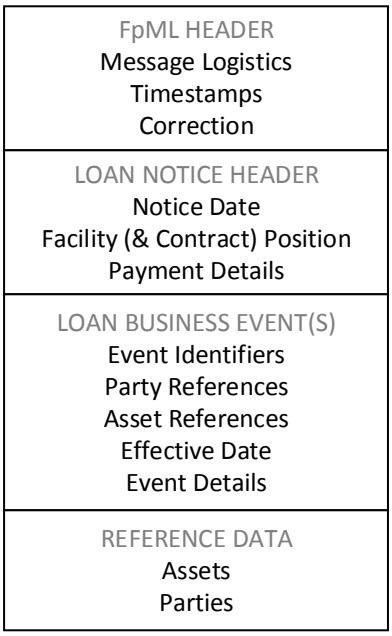

Figure 1: Information 'layers' within an FpML Loan Servicing Notification

FpML Header
The abstract notification type from which all loan notification inherit is a *Correctable Request Message*.

Loan Notice Header
Some basic loan notice information is added

Loan Business Event
This represents the actual event which has occurred against a loan. This represents the 'work' that must be carried out by the recipient.

Reference Data
Asset and party information is stored here and is referenced throughout the rest of the notification.

The design combines both event-specific information together supplementary asset/position data. This combination ensures that agents and lenders are constantly 'synchronized' (especially through the transition period from fax/paper based communication to electronic).

Notification Inheritance Model

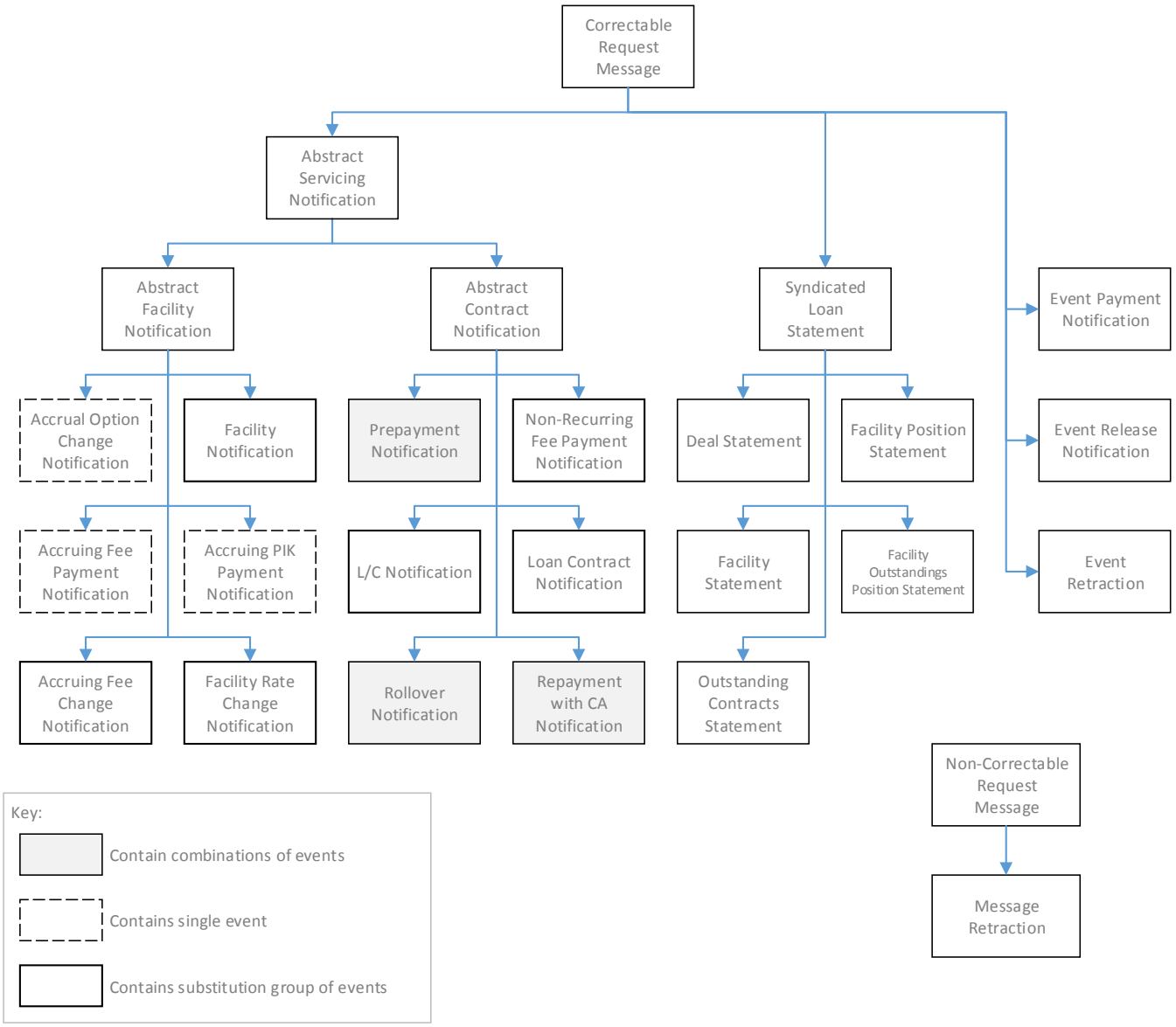

Figure 2: Notification inheritance model

As illustrated above, all notifications inherit from a correctable request message. The three main abstract types are differentiated based on the scope/level of the notification. The differentiation allows for content to be modified in the header accordingly.

Outside of the traditional loan notifications, we also introduced other types of notifications:

- Statements: Simple notification containers with embedded asset details. These statements can be used to communicate the entire asset structure from agent to lender.
- Event Management: The three event management notifications allow for various generic actions: payment, release and retraction.
- Message Retraction: A simple notification allowing a single message id to be retracted.

Notifications are designed to be able to embed more than one event, when necessary. In some cases, rather than senders communicating two loosely-coupled events in separate notifications, it was preferable to send multiple events in a tightly-coupled single notification. The various event formats are shown above.

Event Inheritance Model

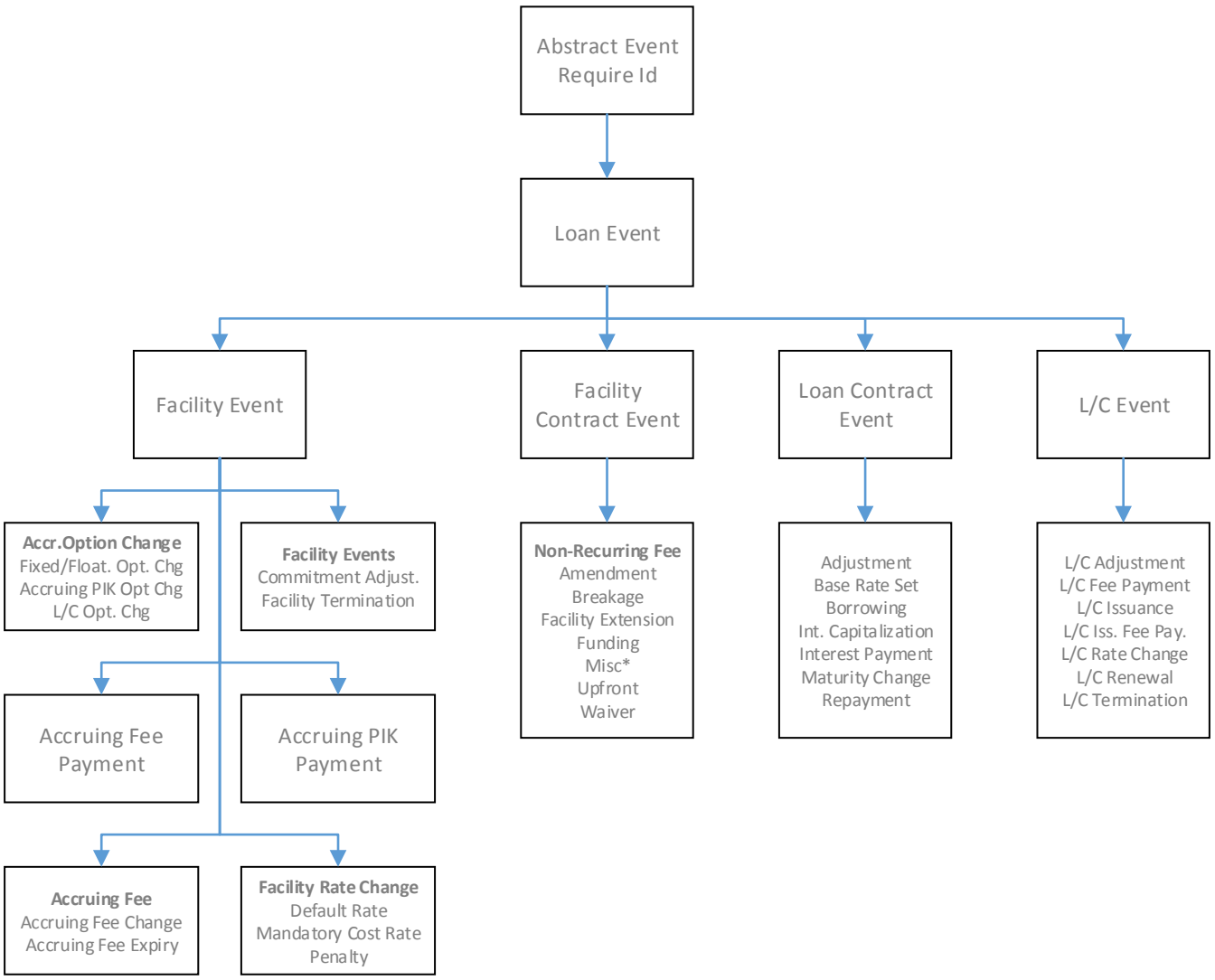

Figure 3: Event inheritance model

Events are designed to contain all of the business logic around a particular action taking place against a loan. Since events can take place at the facility, contract, facility/contract or L/C levels they have been broken out using specific abstract types. The abstract types control the asset references contained within the event.

Instead of using the FpML *Abstract Event* type, it was necessary to create an *Abstract Event Require Id* base type, since it was paramount that an event id be mandatory within the event structure.