

TRM: interest calculation – update rules (regular / unadjusted / adjusted)



Applies to:

SAP ECC 6.0 (EA-FINSERV 600 and higher)

Summary

This document shows a brief example regarding the impact of different settings in the update-rules (condition-details) on interest-conditions of Financial Products (Money Market and Derivatives).

The example shows the resulting changes of “Calculation To” date and “Due” date of 2 subsequent interest-periods.

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TRM – Standard update-rules for Interest calculation

The matrix below shows the differences between the Standard update-rules:

- Regular
- Unadjusted
- Adjusted

Effects of different settings to Standard update-rules

General overview of Standard update-rules and the way of Due date and Start of following Interest periods calculation:

Update Rule	Standard		
	Regular	Unadjusted	Adjusted
Days +/-	no affect	Calc-Seq# : 1b <u>affecting</u> Calculation date	Calc-Seq# : 1b <u>affecting</u> Calculation date
Calculation-to date (Interest Period End)	Calc-Seq # : independent Calc-Basis: end of prior period <u>before</u> shift	Calc-Seq# : 2 Calc-Basis: a) Due date <u>before</u> shift; b) Days+/-	Calc-Seq# : 2 Calc-Basis: a) Due date <u>after</u> shift; b) Days+/-
Due date	Calc-Seq# : independent Calc-Basis: end of (prior) period <u>before</u> shift	Calc-Seq# : 1a Calc-Basis: end of (prior) period <u>before</u> shift	Calc-Seq# : 1a Calc-Basis: end of (prior) period <u>before</u> shift
Start of following Interest Periods	no affect	no affect	Start date based on (shifted) period end of previous period

Example for effect of different settings to Standard update-rules

The example is based on the following settings:

- Term: Begin incl.
- Days +/-: 1-
- Frequency: monthly
- 1st Interest Period End: 02.04.2010 (rule: next working day)
- 1st Due date: 02.04.2010 (rule: next working day)

Calendar-settings:

Calendar Overview									
	WN	MO	TU	WE	TH	FR	SA	SU	
2010/4	13	29	30	31	1	2	3	4	
	14	5	6	7	8	9	10	11	
	15	12	13	14	15	16	17	18	
	16	19	20	21	22	23	24	25	
	17	26	27	28	29	30	1	2	
2010/5	18	3	4	5	6	7	8	9	
	19	10	11	12	13	14	15	16	
	20	17	18	19	20	21	22	23	
	21	24	25	26	27	28	29	30	

Public Holidays	
Date	Explanation
01.01.20...	New Year's Day
02.04.2010	Good Friday
05.04.2010	Easter Monday
01.05.2010	May Day
25.12.2010	Christmas Day
26.12.2010	Boxing Day

Example**1) Initial dates:**

Dates - Initial*:	Standard		
	Regular	Unadjusted	Adjusted
Period 1: CalcTo	01.04.2010	01.04.2010	01.04.2010
Period 1: DueD	06.04.2010	06.04.2010	06.04.2010
Period 2: CalcTo	03.05.2010	03.05.2010	03.05.2010
Period 2: DueD	03.05.2010	03.05.2010	03.05.2010

* after working day-shift

Example**2a) dates of period 1 after update****Sequence for Period 1:****1) Due date:**

=> rule "next working day"

=> Calendar EU: 02.+05.04. are Bank-holidays => 06.04.2010

2) Calculation-to date:=> based on due date after shift (06.04.)

=> Calculation-to date => 06.04.

=> Days +/- (1-) => 05.04.

=> rule "next working day" => 06.04.

=> flag "inclusive" set at start-date (=> excl. 06.04.) => 05.04.2010

Sequence for Period 1:**1) Due date:**

=> rule "next working day"

=> Calendar EU: 02.+05.04. are Bank-holidays => 06.04.2010

2) Calculation-to date:=> based on due date before shift (02.04.)

=> Calculation-to date => 02.04.

=> Days +/- (1-) => 01.04.

=> rule "next working day" => does not apply

=> flag "inclusive" set at start-date (=> excl. 01.04.) => 31.03.2010

Dates - <u>after</u> update:	Standard		
	Regular	Unadjusted	Adjusted
Period 1: CalcTo	01.04.2010	31.03.2010	05.04.2010
Period 1: DueD	06.04.2010	06.04.2010	06.04.2010

2b) dates of period 2 after update

Dates - after update:	Standard		
	Regular	Unadjusted	Adjusted
Period 2: CalcTo	03.05.2010	02.05.2010	02.05.2010
Period 2: DueD	03.05.2010	03.05.2010	03.05.2010

Sequence for Period 2:

1) Due date:

- => based on last period's due date (before shift) => 02.04.
- => frequency "1 month" => 02.05.
- => rule "next working day"
- => Calendar EU: 02.05. is a Sunday => 03.05.2010

2) Calculation-to date:

- => based on due date before shift (02.05.)
- => Calculation-to date => 02.05.
- => Days +/- (1-) => 01.05.
- => rule "next working day"
- => Calendar EU: 01.05. is Bank-holiday; 02.05. is Sunday => 03.05.2010
- => flag "inclusive" set at start-date (=> excl. 03.05.) => 02.05.2010

Sequence for Period 2:

1) Due date:

- => based on last period's due date (before shift) => 02.04.
- => frequency "1 month" => 02.05.
- => rule "next working day"
- => Calendar EU: 02.05. is a Sunday => 03.05.2010

2) Calculation-to date:

- => based on due date after shift (03.05.)
- => Calculation-to date => 03.05.
- => Days +/- (1-) => 02.05.
- => rule "next working day"
- => Calendar EU: 02.05. is Sunday => 03.05.2010
- => flag "inclusive" set at start-date (=> excl. 03.05.) => 02.05.2010

3) Cashflows:

Regular:

Dates: ✕							
Due Date	CD	Payday	CD	Calc. from	SrvTo	Days	ICM
06.04.2010	TU	06.04.2010	TU	02.03.2010	01.04.2010	31	Act/360
03.05.2010	MO	03.05.2010	MO	02.04.2010	03.05.2010	32	Act/360
02.06.2010	WE	02.06.2010	WE	04.05.2010	01.06.2010	29	Act/360
02.07.2010	FR	02.07.2010	FR	02.06.2010	01.07.2010	30	Act/360
02.08.2010	MO	02.08.2010	MO	02.07.2010	02.08.2010	32	Act/360
02.09.2010	TH	02.09.2010	TH	03.08.2010	01.09.2010	30	Act/360
04.10.2010	MO	04.10.2010	MO	02.09.2010	01.10.2010	30	Act/360
02.11.2010	TU	02.11.2010	TU	02.10.2010	01.11.2010	31	Act/360
02.12.2010	TH	02.12.2010	TH	02.11.2010	01.12.2010	30	Act/360

Unadjusted:

Dates: ✕							
Due Date	CD	Payday	CD	Calc. from	SrvTo	Days	ICM
06.04.2010	TU	06.04.2010	TU	02.03.2010	31.03.2010	30	Act/360
03.05.2010	MO	03.05.2010	MO	01.04.2010	02.05.2010	32	Act/360
02.06.2010	WE	02.06.2010	WE	03.05.2010	31.05.2010	29	Act/360
02.07.2010	FR	02.07.2010	FR	01.06.2010	30.06.2010	30	Act/360
02.08.2010	MO	02.08.2010	MO	01.07.2010	01.08.2010	32	Act/360
02.09.2010	TH	02.09.2010	TH	02.08.2010	31.08.2010	30	Act/360
04.10.2010	MO	04.10.2010	MO	01.09.2010	30.09.2010	30	Act/360
02.11.2010	TU	02.11.2010	TU	01.10.2010	31.10.2010	31	Act/360
02.12.2010	TH	02.12.2010	TH	01.11.2010	30.11.2010	30	Act/360
02.12.2010	TH	02.12.2010	TH	01.12.2010	01.12.2010	1	Act/360

Adjusted:Dates: ✕

Due Date	CD	Payday	CD	Calc. from	SrvTo	Days	ICM
06.04.2010	TU	06.04.2010	TU	02.03.2010	05.04.2010	35	Act/360
03.05.2010	MO	03.05.2010	MO	06.04.2010	02.05.2010	27	Act/360
02.06.2010	WE	02.06.2010	WE	03.05.2010	31.05.2010	29	Act/360
02.07.2010	FR	02.07.2010	FR	01.06.2010	30.06.2010	30	Act/360
02.08.2010	MO	02.08.2010	MO	01.07.2010	01.08.2010	32	Act/360
02.09.2010	TH	02.09.2010	TH	02.08.2010	31.08.2010	30	Act/360
04.10.2010	MO	04.10.2010	MO	01.09.2010	03.10.2010	33	Act/360
02.11.2010	TU	02.11.2010	TU	04.10.2010	31.10.2010	28	Act/360
02.12.2010	TH	02.12.2010	TH	01.11.2010	30.11.2010	30	Act/360
02.12.2010	TH	02.12.2010	TH	01.12.2010	01.12.2010	1	Act/360

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