

Settlement to Third Party Bank Account (W5)

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PURPOSE

This document explains the procedure to instruct the bank counterparty to make payment on a trade directly to third party bank account and how the system handle the accounting journals.

WHY IS THIS IMPORTANT?

This is important when an entity wishes the bank counterparty to make payment directly to third party, for example their supplier on the trade done.

PROCEDURE

1. The following example shows a Foreign Exchange trade booked, TFS-SG buy USD 1,000,000.00 against SGD with DBS bank.

New Foreign Exchange Outright

Accounting Centre*	TFS-SG	
TDate*	05/01/2011	
VDate*	20/01/2011	
Transaction*	Buy	
Ccy*	USD	
Amount*	1,000,000.00	
Against Ccy*	SGD	
Spot Reference Rate*	1.200000	
Forward Points	0.000000	
Contract Rate	1.200000	
Countervalue	1,200,000.00	<input type="button" value="C"/>
Facility*	TFS - DBS-SG:FX	<input type="button" value="C"/> Available:USD 78.74m (100.0%)
Counterparty ID	DBS-SG	
Portfolio		
Show Advance	<input type="checkbox"/>	

Comparative Quotes

Counterparty		<input type="button" value="Add"/>			
Rate		<input type="button" value="Remove"/>			
Remarks					

Counterparty	Rate	Remarks
No records found.		

2. In Cash Settlement screen, you will see two cash flows (USD and SGD) created from this Foreign Exchange trade.

Cash Settlement											
Acct Cntr*	TFS-SG	From*	20/01/2011	To*	20/01/2011	Ccy					
<input type="button" value="Refresh"/>	<input type="button" value="Net Trade"/>	<input type="button" value="Group"/>	<input type="button" value="Cash Transfer"/>	<input type="button" value="Confirm"/>	<input type="button" value="Settle/Unsettle"/>	<input type="button" value="EBanking"/>	<input type="button" value="↓"/>	<input type="button" value="★"/>	<input type="button" value="🔒"/>		
<input type="checkbox"/>	Vdate ↕	TradeID ↕	Acct Cntr ↕	Ctpy ↕	Ccy ↕	Amount ↕	St'd ↕	Assigned SSI ↕	Net ID ↕	Gp ID ↕	Trade Details ↕
<input type="checkbox"/>	20 Jan 2011	FRX100026.00	TFS-SG	DBS-SG	SGD	-1,200,000.00		CITI-SG-428	:		FX Outright: Bought USD
<input type="checkbox"/>	20 Jan 2011	FRX100026.00	TFS-SG	DBS-SG	USD	1,000,000.00		TGL-USD-ANZ-389	:		FX Outright: Bought USD
<div> <input type="button" value="1"/> <input type="button" value="50"/> </div>											

3. To instruct DBS bank to credit USD to a third party's bank account, click on the USD cash flow of this Foreign Exchange trade.

4. Select the third party's bank account from the bank account

drop down field on the left menu. In this example, S-A-CITI-SG-USD-239 is selected, which is Supplier A's bank account.

Amend Cash Settlement

← Update History

Description
FX Outright: Bought USD 1,000,000.00 and Sold SGD 1,200,000.00 at 1.200000 value 20 Jan 2011 with DBS-SG. Portfolio:- [dev01@12dl2d.com]

Trade ID	FRX100026.00	Add			
Vdate	20 Jan 2011	Remove			
Acct Cntr	TFS-SG				
Ccy	USD				
Amount	1,000,000.00				
Acct Cntr	TFS-SG				
Bank Account	TF-CI-USD				
Amount					
Description					
Counterparty					
Bank Account					
Settlement					
Payment Amt*					
Our SSI*					
Description					

TF-SG-Maybank-HK-USD

Counterparty Account

CITI-SG-USD-FX

CITI-SG-USD-MM

CITI-SGD-489

CITI-USD-489

DBS-SG-USD

FD-Maybank-HK-USD-05

S-A-CITI-SGD-USD-239

Our SSI	Their SSI	Amount	Description
No records found.			
Total			0.00

Note that third party is set up as a counterparty in the system. The bank account of the third party has to be set up in the Counterparty SSI beforehand. See [counterparty SSI](#) set up for more details.

5. Next, select the counterparty's bank account from which the USD 1,000,000.00 will be debited from.

Amend Cash Settlement

[←](#) [Update](#) [History](#)

Description

FX Outright: Bought USD 1,000,000.00 and Sold SGD 1,200,000.00 at 1.200000 value 20 Jan 2011 with DBS-SG. Portfolio:- [dev01@12dl2d.com]

Trade ID FRX100026.00

Add

Vdate 20 Jan 2011

Remove

Our SSI	Their SSI	Amount	Description
No records found.			
Total			0.00

Acct Cntr TFS-SG

Ccy USD

Amount 1,000,000.00

Acct Cntr TFS-SG

Bank Account S-A-CITI-SGD-USD-239

Amount 1,000,000.00

Description

Counterparty DBS-SG

Bank Account DBS-SG-USD

Settlement Charges

Payment Amt*

Our SSI*

Description

6. Click Add.

7. The assigned settlement instructions will be updated to the table listing on your right.

Amend Cash Settlement

←

Update

History

Description

FX Outright: Bought USD 1,000,000.00 and Sold SGD 1,200,000.00 at 1.200000 value 20 Jan 2011 with DBS-SG. Portfolio:- [dev01@12dl2d.com]

Trade ID

FRX100026.00

Add

Vdate

20 Jan 2011

Remove

Our SSI	Their SSI	Amount	Description
<input type="checkbox"/>	S-A-CITI-SGD-USD-239	DBS-SG-USD	1,000,000.00
Total		1,000,000.00	

Acct Cntr

TFS-SG

Ccy

USD

Amount

1,000,000.00

Acct Cntr

TFS-SG

Bank Account

TF-CI-USD

Amount

0.00

Description

Counterparty

DBS-SG

Bank Account

(Temporary USD)

Settlement Charges

Payment Amt*

Our SSI*

Description

8. Click Update.

9. Assign the settlement instructions as per normal for the SGD cash flow. In this example, SGD 1,200,000.00 will be debited from TFS-SG's CITI-SG 428 account to DBS bank account DBS-SG-SGD.

Amend Cash Settlement

Description

FX Outright: Bought USD 1,000,000.00 and Sold SGD 1,200,000.00 at 1.200000 value 20 Jan 2011 with DBS-SG. Portfolio:- [dev01@12d12d.com]

Trade ID	FRX100026.00	Add		Our SSI	Their SSI	Amount	Description
Vdate	20 Jan 2011	Remove	<input type="checkbox"/>	CITI-SG-428	DBS-SG-SGD	-1,200,000.00	
Acct Cntr	TFS-SG					Total	-1,200,000.00
Ccy	SGD						
Amount	-1,200,000.00						
Acct Cntr	TFS-SG						
Bank Account	TF-DB-SGD						
Amount	0.00						
Description							
Counterparty	DBS-SG						
Bank Account	(Temporary SGD)						
Settlement Charges							
Payment Amt*							
Our SSI*							
Description							

10. The accounting journals for the Foreign Exchange trade when there's settlement to third party are as follows. Note that system booked to the interbank settlement clearing account.

Journals Details

FRX100026.00

FX Outright: Bought USD 1,000,000.00 and Sold SGD 1,200,000.00 at 1.200000 value 20 Jan 2011 with DBS-SG. Portfolio:- [dev01@12d12d.com]

Status Exception Unusual journal status.

PDate* 01/06/2017

Eff Date* 20/01/2011

Show Parameter ☐

Journal Description

B USD1,000,000.00 S SGD1,200,000.00 @1.200000

	System A/C	Mapped A/C	Ccy	Dc/(Cr)	Base Ccy	Dc/(Cr)	Rate	Counterparty	Portfolio	SSI	Acct Type
<input type="checkbox"/>	FX Cash Clearing Account		SGD	1,200,000.00	SGD	1,200,000.00	1.000000	DBS-SG		FX Clearing SGD	0003
<input type="checkbox"/>	Cash at Bank		SGD	-1,200,000.00	SGD	-1,200,000.00	1.000000	DBS-SG		CITI-SG-428	0001
<input type="checkbox"/>	Interbank Settlement Clearing		USD	1,000,000.00	SGD	1,270,000.00	1.270000	DBS-SG		S-A-CITI-SGD-USD-239	0004
<input type="checkbox"/>	FX Cash Clearing Account		USD	-1,000,000.00	SGD	-1,270,000.00	1.270000	DBS-SG		FX Clearing USD	0003

Snap shot ☐

11. The interbank settlement clearing mapping is set up as

below example. For more details, see [Chart of Account set up](#).

Accounting Chart of Account

Acct Cntr*

TFS-SG

Account Type*

0004:Interbank Settlement Clearing

Ccy

USD

Refresh

Import

Save

Apply All

Apply Selected

Apply Mapped Account

<input type="checkbox"/>	Mapped Account ▾	Ccy ▾
<input type="checkbox"/>	<div>111666</div>	USD

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50 ▾

FREQUENTLY ASKED QUESTIONS

RELATED INFORMATION

[Cash Settlement](#)

CHANGE HISTORY

Date	By	Changes
11-Oct-2016	TS	Created.
26-Nov-2019	Lyra	Updated Screenshots.