Standard Settlement Instructions

See previous W5 version guide

PURPOSE

This document answers questions about standard settlement instructions.

FREQUENTLY ASKED QUESTIONS

FAQ 01. What is Our Ccy Default SSI?

This is an optional setting.

If a bank account is set as a currency default SSI, then this account will be used for settling transactions in that currency. This is provided the default has not been overridden by another account that has been set either as a Product Default or Portfolio Default.

The user may use the settlement screen to change this Currency Default account.

Constraints: Only one currency default can be set up for each accounting centre. If the user set another account to be the Ccy Default, then any previous default will be reset.

FAQ 02. What is Our Product Default SSI?

This is an optional setting.

If a bank account is set as a product default SSI, then this account will be used for settling transactions in that product, provided the currency matches. Product Default takes priority over currency default.

E.g. If Account X is set as a Money Market default account and the account is denominated in USD, then all Money Market transaction in USD will be settled in Account X. This will be the case even if (say) Account Y has been set up as the Ccy default SSI. See question on Ccy Default.

User may use the settlement screen to change this Product Default account.

Constraints: Only one product default per currency can be set up for each accounting centre. If the user set another account to be the Product/Currency Default, then any previous Product/ Currency Default will be reset.

FAQ 03. What is a Portfolio Default SSI?

This is an optional setting.

If a bank account is set as a portfolio default SSI, then this account will be used for settling transactions for any product in that portfolio, provided the currency matches.

The Portfolio Default setting takes priority over product and currency defaults.

E.g. If Account P is set as a default account for Portfolio A and the account is denominated in USD, then all transactions in USD traded for Portfolio A will be settled in Account P. This will be the case even if (say) Account X has been set up as the Ccy default SSI. See FAQ on Ccy Default.

In addition, if the transaction is a money market transaction in USD and Account X has been set up as the Product Default for Money Market and denominated in USD, Account P will *still* be automatically assigned by the system for settlement.

Users may use the settlement module to change this automatically assigned SSI.

Constraints: Only one Portfolio Default SSI can be set up for each currency in the accounting centre. If the user set another account to be the Portfolio Currency Default, then any previous default will be reset.

FAQ 04. What is a Counterparty Default SSI?

This is an optional setting.

If a bank account is set as a counterparty default SSI, then this account

will be used for settling transactions for any product with only the counterparty that default set up is made.

Counterparty Default setting takes priority over portfolio, product, and currency default.

Example: If Account Y is set as a default account for Counterparty B and the account is denominated in USD, then all transactions in USD traded with Counterparty B will be settled in Account Y. This will be the case even if (say) Account Y has been set up as the Ccy default SSI. See FAQ on Ccy Default.

In addition, if the transaction is a money market transaction in USD and Account Y has been set up as the Product default for Money Market and denominated in USD, Account Y will *still* be automatically assigned by the system for settlement. Same is true if Account Y has been set up as the Portfolio default.

The user may use the settlement module to change this automatically assigned SSI.

Constraints: Only one Counterparty Default SSI can be set up for each currency in the accounting centre. If the user set another account to be the Counterparty Currency Default, then any previous default will be reset.

FAQ 05. Which account will be used if the user has not set up any accounts and designate them as default?

The system will attempt to find a default account in this order: Counterparty Default, Portfolio Default, Product Default and Currency Default. In the case where no default accounts are found, the system will select the temporary currency account to settle the transaction.

User may use the settlement screen to change this temporary currency account.

The system cannot map any temporary currency account for account posting. Any transaction that remains in temporary currency account will generate a mapping exception on the journals.

FAQ 06. Why do you set up accounts that are defined as Third Party SSI?

Third party SSIs are accounts set up by an **accounting centre** that belongs to a third party, such as a vendor. These accounts facilitate the payment by an external counterparty to a third party.

For example:

Accounting Centre ABC-SG has an outstanding balance due of USD 1,000,000 to a supplier ACME Corporation. ABC-SG does not have any USD and so enters into a FX contract with Citibank to buy USD 1,000,000 against SGD.

For settlement purposes, ABC-SG has set up the bank account of ACME Corporation as a Third Party SSI. Because this is set up, ABC-SG can assign settlement for the inflow of the USD 1,000,000 to this Account. (This is done via the settlement screen) The instructions to Citibank will contain appropriate details for this payment to be made.

Note: For accounting purposes, payments to accounts set up as Third Party will be a Debit to a Control account rather than cash. The user then can allocate this in the ERP System against a payable.

RELATED INFORMATION

Accounting Centre SSI Set Up

How to Set up Counterparty SSI

CHANGE HISTORY

Date	By	Changes
15-Feb-2008	-	Created.
28-Jul-2015	CS	Included section for FAQ.
27-Jan-2016	Clarissa	Reformatted.
12-Jun-2016	Douglas	Proofread.
13-Jun-2023	TS	Updated to W6 instructions and screenshots.