

Stock Borrow/Loan System

ALD Compatible

Version 3.0

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<i>Stock Borrow/Loan System Overview</i>	4
<i>To Generate a Daily Report</i>	5
<i>SBL Menu Bar</i>	5
IMPORT	5
Daily Files Import	5
CALCULATE	6
VIEW	7
REPORT	7
Charge Reports	7
Day 1/Day 2 Reports	8
Rec/Dif Reports	8
History Reports.....	9
Exposure Reports	9
MAINTAIN	10
General Files	10
Import files	10
INI file	10
Error Log Purge.....	13
Credit/Capital	13
Agent and Principal Credit Limit	13
Counter Party Credit Limit.....	13
Cusip Credit Limit.....	13
Netcap File	13
Daily Cures.....	14
Update Daily Cures File	14
History	14
History Modifications.....	14
Move Agent Date	14
Purge History.....	15
Bulk History Purge.....	15
Names/Groups	15
Groups file.....	15
Names for Groups file	15
CP Names file.....	15
Export CSV	16
Export To CSV	16
CSV Export List	16
Holidays	16
Holidays	17
HELP	17
<i>Unattended/Batch Processing</i>	17
<i>DTCC File Format Import</i>	17
<i>Automatic Cure Posting</i>	18
<i>File Layouts</i>	18
Internal File Formats	18
Borrow/Loans File.....	18
Market Price File	19
Cures File	19

Counter Party Exposure File	19
Cusip Exposure File	20
Agent + Principal Exposure File	20
CP Names File.....	20
FX Factor File	20
<i>Suggested Minimum Backup Procedures</i>	21
<i>PDF Reports</i>	21
Adobe Acrobat Setup	21
Adobe INI Entries	21
<i>Calculations</i>	22

Stock Borrow/Loan System Overview

The Stock Borrow/Loan System (SBL) is compliant with the Agent Lending Disclosure Initiative. SBL reads DTCC Cash and Non Cash files in ASCII format as well as user provided borrow/loan data (Internal Files) from users' current systems such as LOANET, Global 1, ICI and/or proprietary packages. SBL calculates 15c3-3 stock loan and 15c3-1 borrow/loan charges.

The system provides the following functionality:

- 1) **Capital Charge Computations**
 - a) Import a user supplied market price file to price Unpriced Agent loans and collateral securities.
 - b) Generate a detailed charge report by counter party within agent (or across agents at user's discretion).
 - c) Generate summary reports for 15c3-3 stock loan and 15c3-1 borrow/loan charges.
- 2) **Reconciliation**
 - a) Verify that cash collateral on Type 2 DTCC records equals cash collateral shown on Type 1 DTCC records.
 - b) Report disconnects between DTCC collateral and market value and those same values presented in the Internal Files at agent or agent/cusip level.
 - c) Compare each day's DTCC file to the prior day's DTCC data and report new loans, closed loans and cures.
- 3) **Exposure monitoring**
 - a) Import exposure limits by counter party and by cusip.
 - b) Generate reports showing which counter parties/cusips have exceeded those limits, are within a user specified tolerance of the limits (an early warning system) or have NO ENTRY in the exposure file.
- 4) **General**
 - a) Permit the user to manually enter modifications/cures to the borrow/loan data.
 - b) Retain all data in a history file with the ability to purge oldest data.
 - c) Allow the creation of consolidated counter parties for reporting purposes.

The system is written in Visual FoxPro, Version 9.0. ADOBE ACROBAT version 6.0 or later must be installed in order to generate PDF reports and have them copied to the BACKUP Directory.

Once installed on the computer in the directory selected by the user, the SBL system will build these directories:

DATA where all data base files and structures are stored;
IMPORT where ASCII files to be imported are stored;
DATA\TEMPLATE where backup structures for all DBF files are stored;
PRINT where all print files are placed;
HELP where the online documentation files are placed;
BACKUP where final reports for each day are copied

By using the INI file, described in the MAINTAIN section, the user may alter the locations for all of these subdirectories EXCEPT the TEMPLATE directory.

SBL requires at least one DTCC cash file in ASCII format in order to run. If you are running only Internal Files into the system, you will need to create a dummy Aggregate file and alter the date to correspond to the date in the Internal Files.

When started, the system will present a bar menu containing pads for Import, Calculate, View, Report, Maintain, Help and Quit. The user may choose a pad by moving to it with the arrow keys, by clicking on the pad with a mouse, or by pressing the ALT key plus the underlined letter for the appropriate pad, such as ALT+Q for quit.

When a pad has multiple selections, each selection may have a key letter underlined. The user may choose a selection by typing the underlined letter for that selection, clicking on the selection with the mouse, or by pressing down arrow to highlight the selection and then hitting the ENTER key.

Some menu selections are marked with an arrow to the right. This indicates a cascading menu with additional items. You may move into the cascading menu as discussed above and make your final selection there.

Each menu pad and its optional selections are discussed below.

The user may interrupt execution by hitting Alt+F4.

To Generate a Daily Report

Click on the SBL20 icon. You MAY have to go to the MAINTAIN menu to alter locations or the names of the import data or to alter Excess Net Capital for use in calculating paragraph (b) and (c) charges.

From the Import menu, select Daily Files Import. The system obtains the date for the data from the user if DTCC files are being loaded.

From the Calculate menu, select Groups or No Groups.

Enter the date you want to run as the Date to Calculate

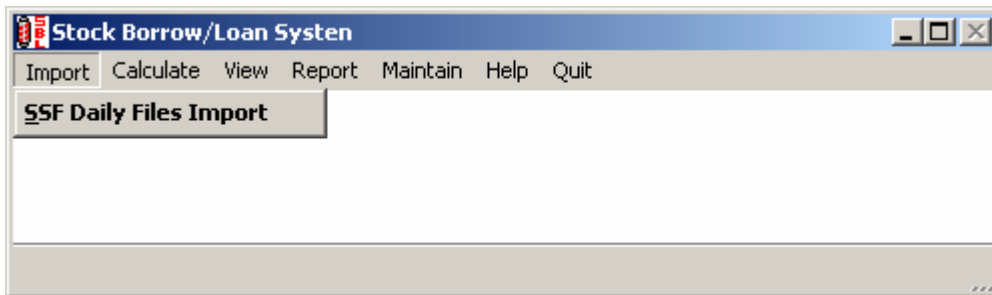
From the Report menu, you may then view or print the reports.

Entries may be ADDED to the history file via the Maintain menu. A given date may be recalculated whenever you like. **If you rerun Import with a date that has already been entered, ALL data in the history file for that date will be OVERWRITTEN including any manually entered data.**

QUIT.

SBL Menu Bar

IMPORT



The import menu allows the SBL program to bring the ASCII DTCC and Internal data files into the system. The user defines the file names, locations and formats in the Import File pad on the Maintain menu.

The system requires a cash file in ASCII format in order to run. If the user wants to import only Internal Files, a dummy DTCC Cash file must be created and the appropriate date field(s) must be changed to correspond to the date in the Internal Files.

Daily Files Import

SBL reads DTCC Cash and Non-Cash Collateral files and performs validations recommended by the ALD task force. The system culls agent ID, activity date, trade ID, cusip, cash collateral amount, borrow quantity and borrow market value from the TYPE 1 record in the Cash file. Principal ID, borrow quantity, cash collateral amount, collateral type indicator and cure (reallocation/return/mark to market) flags are read from the Type 2 record.

The system checks that the business date on all records in the DTCC files is the same. If not the system generates an error message and does NOT proceed.

The system checks that cash collateral on the Type 1 record equals the sum of the cash collateral amounts on the Type 2 records. If the optional market value field on the Type 1 record is not populated, SBL will go to the Internal market price file and price out the borrowed quantity.

If the collateral type is non cash, the non cash collateral file is read to obtain principal ID and non cash collateral value. If the collateral is a security and the optional security value field is not populated, SBL will price the collateral from the Internal Market Price file. All non cash collateral types (security, cash pool, letter of credit and tri party) will be utilized as collateral and pass through the normal borrow calculations.

Any Unpriced loans or collateral appear in the unpriced report discussed in the Reports section below.

Cash collateral will be denoted as CB (cash borrow) and all non cash collateral will be denoted as BB (bulk borrow).

SBL reconciles DTCC data to agent data from the Internal Borrow/Loan file. If the Internal file provides data at the agent/cusip level, the differences report will reflect differences in market value and collateral amount at that level of granularity. If the Internal file reflects data at the agent level, the differences report will indicate differences at that level.

Please be aware that non cash collateral appears in the DTCC file at the principal lender level and is NOT broken out by cusip. In other words there is a single entry for non cash collateral per principal per agent and there is no way to allocate that collateral back to the cusip level. Hence, the differences report will show ALL cusips as having a difference in collateral. There will be an additional entry called NON CASH with all the bulk collateral being shown. The two offsetting entries should balance.

The Import function will also compare today's DTCC file to the DTCC file from the previous business day and will produce reports showing differences: new loans, closed loans and cured loans which have any of the cure flags set in today's file.

The system creates a reconcile report for the daily import which may be viewed and printed via the Report REC/DIF menu. The file will contain the totals for all the pertinent fields for each input source (DTCC and Internal).

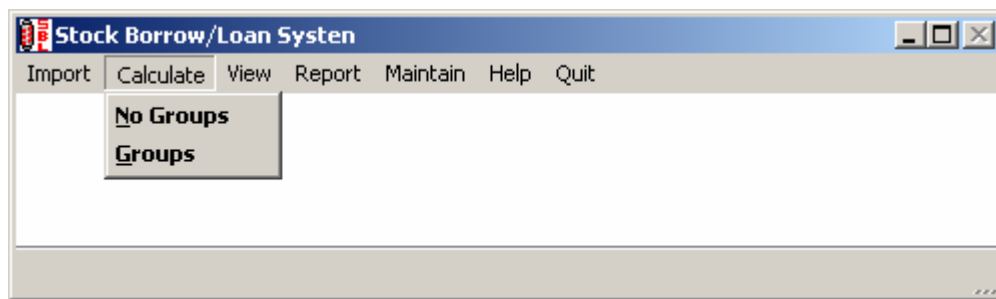
The only Internal data that will be retained will be ALL loans and all borrows that do NOT match the DTCC file on agent ID. This Internal data will be aggregated by counter party and transaction type and will not be retained at the cusip level of detail.

All data from the DTCC files will be migrated to the history file for use in calculations. If DTCC records are flagged with errors, such as mismatches between number 1 and number 2 records, the number 2 record information will be retained for calculation.

Data NOT moved to the history file from the DTCC files:

- 1) If a non cash record exists for a principal and that principal does NOT appear in a type 2 record, this specific unmatched non cash data will not be moved to the history file.
- 2) Date in internal or price file is blank.
- 3) Date in internal or price file does not match date in DTCC cash file.
- 4) Date in cash file is blank
- 5) Dates in cash and non cash files do not match
- 6) Delimiter in internal file is incorrect

CALCULATE

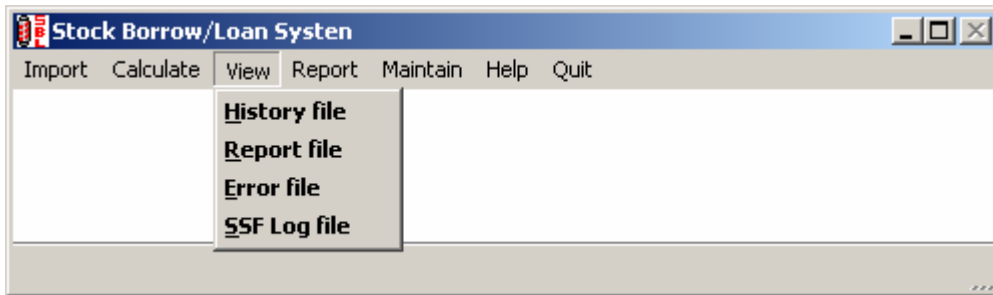


This menu pad allows the user to compute charges for any date in the history file. The user may create the report based on the actual data via the No Groups selection. By selecting the Groups pad, the system will combine entries

for different counter parties into a combined counter party. These groups are defined in the Groups file accessible via the Maintain menu. The Groups function may be used for combining the same counter party identified with different codes by Loanet, Global 1, ICI, etc.

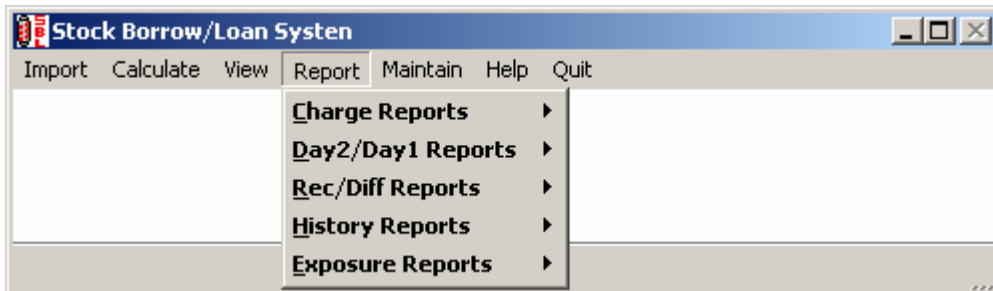
Sample calculation output is shown in detail in the calculations section at the end of this manual. Three INI file entries (CPLUSB, BRETURNS and CROSSAGENT) affect the results. SBL is compliant with the ALD initiative concept of offsetting excess market value against excess collateral for a principal WITHIN agent and not ACROSS agent if CROSSAGENT = N (the system default).

VIEW



The user may view the history file in date + DTC/principal + type order. The report file contains all imported and calculated values used in the various system charge reports. The Error and DTCC Log files are also available.

REPORT

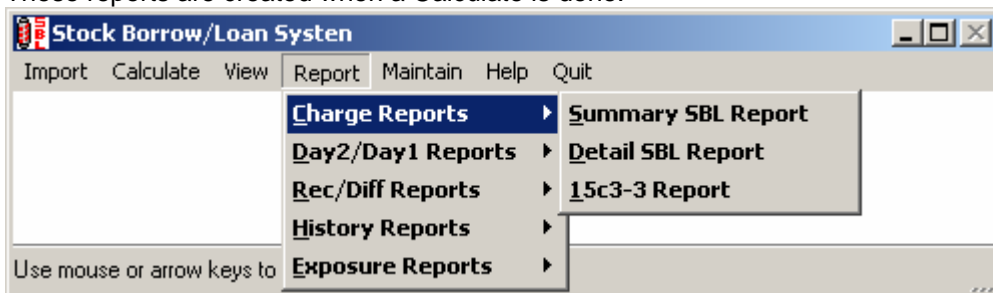


Reports are categorized into 5 cascading menus.

All reports are presented on the screen for viewing. The user may utilize the forward, fast forward, rewind and fast rewind keys on the lower border of the screen. When finished viewing, the user may select the printer icon on the bottom of the screen to initiate printing. She will then be allowed to select the printer for report generation and to alter its default settings.

Charge Reports

These reports are created when a Calculate is done.



The Summary SBL report lists the final SBL charge for each counter party.

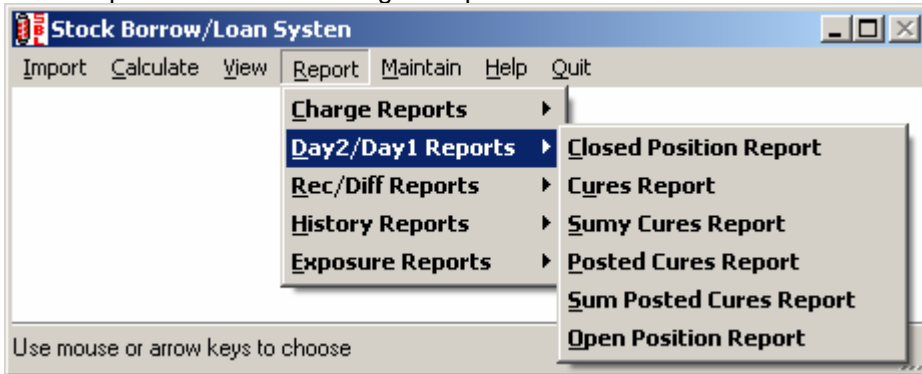
The Detail SBL report provides supporting information for the charges in the summary and 15c3-3 reports. It includes each counter party's pertinent data for Cash Borrow, Cash Loan, Bulk Borrow and Bulk Loan and shows

total loan/borrow charges and offsets as well as the 15c3-3 and final charges.

The 15c3-3 report lists the 15c3-3 charges by counter party.

Day 1/Day 2 Reports

These reports are created during an import.

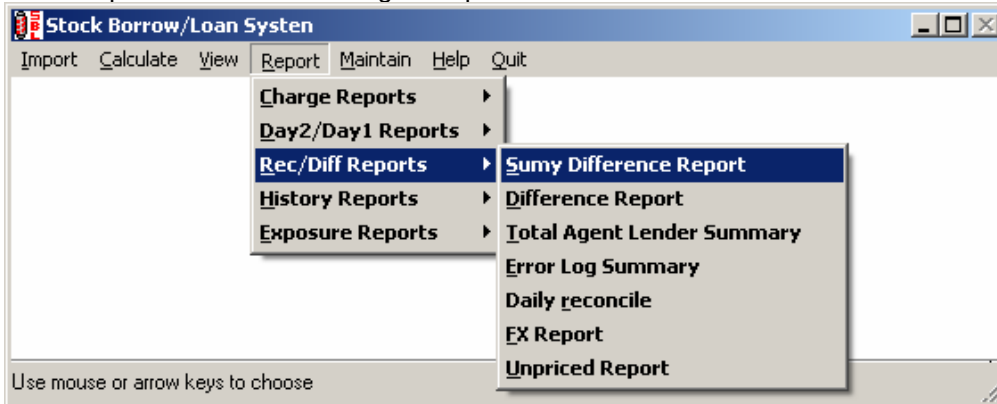


Today's DTCC report is compared to the DTCC file from the prior business day and new, closed and cured loans are presented. Cured loans are those who have one or more of the cure flags (reallocation, returns, market to market) set in today's DTCC file.

If the POSTCURE option is set to Y the Posted Cures and Sum Posted Cures reports will be available. These two reports contain the CURES that automatically posted and the Cures and Sumy Cures reports will contain loans that could not post automatically.

Rec/Dif Reports

These reports are created during an import.



The Sumy Difference Report presents the totals section from the Difference Report. Totals include data ONLY for those agent/cusip combinations whose Internal and DTCC total do NOT match. This report is sensitive to CONTONLY and TOLERANCE parameters in INI file.

The Difference Report shows collateral/market value differences at either the agent or agent/cusip level. The level for reporting a difference is dependent on the whether the Internal borrow/loan file presents data at the agent or agent/cusip level. This report is sensitive to CONTONLY and TOLERANCE parameters in INI file.

Total Agent Lender Summary shows totals, including ALL cusips, for ALL agent lenders.

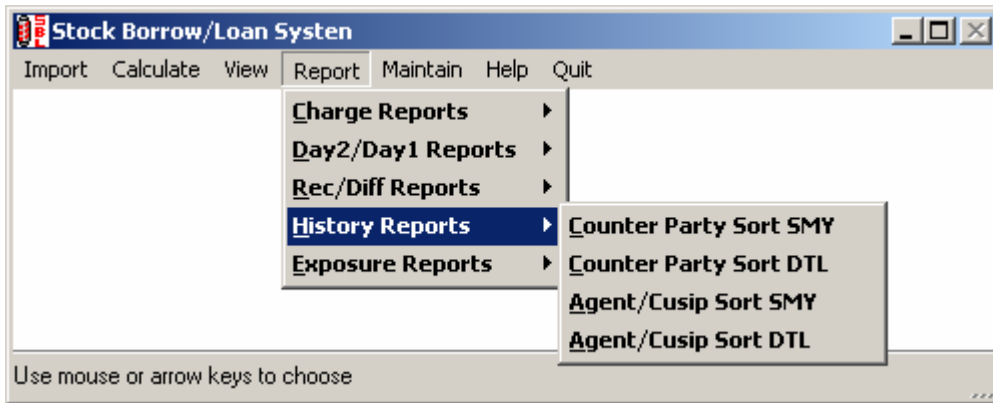
Error Log Summary will recap all errors that occurred during the last import.

The Daily Reconcile report shows total contract amount, collateral and market value for both Internal and DTCC data.

The FX Report shows all entries, including unadjusted and adjusted amounts, which had an FX factor applied to them. The factor is the rate to adjust to USD.

The Unpriced Report shows all securities that were unable to be priced. Either they were not included in the price file or a price file was not available. The report will show quantity and cash collateral amount on Unpriced borrows as well as on non cash collateral (Tri party, LOC, securities or cash pools) for which the system has no collateral value. The user can make a determination if these entries are significant.

History Reports

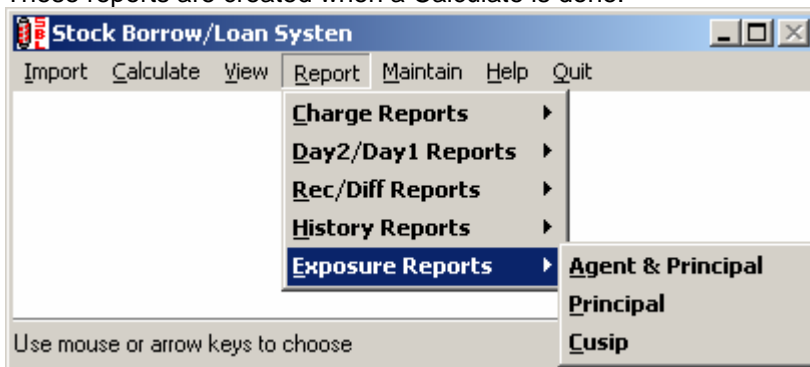


The history file may be examined for a given day and output may be view in Agent/Cusip or Counter Party order. These reports may be used to see the detail that goes into the Detail SBL Report (Counter Party order) or the Difference Report (Agent/Cusip order).

Summary and detail reports are available. They show totals for cash borrows, cash loans, bulk borrows and bulk loans for the appropriate sort sequences.

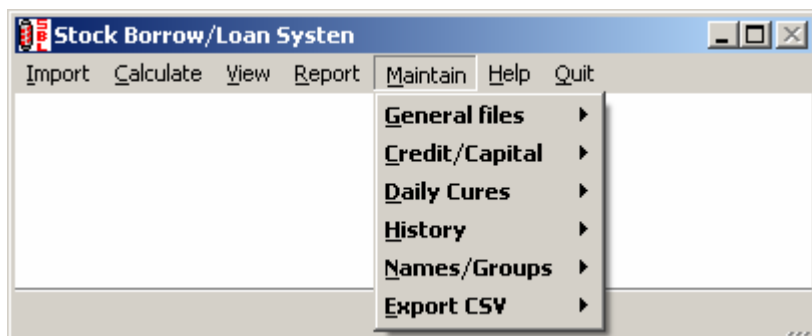
Exposure Reports

These reports are created when a Calculate is done.



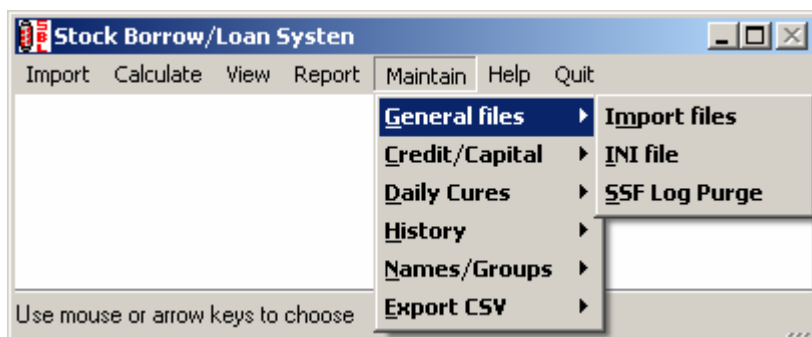
If the user provides Internal Exposure files, these reports will show those principals/cusips that require investigation. The reports show the allowable exposure and presents details in three columns: those instances with NO entry in the Exposure file; those within a user defined tolerance of the allowable Exposure (an early warning system); and those instances that exceed the allowed limits. Only data from the DTCC files are included in these reports.

MAINTAIN



Maintenance functions are categorized into 5 cascading menus.

General Files



Import files

The system allows for importing DTCC files and internal files from the user's existing borrow/loan, pricing and credit systems.

For each file to be imported, the user must enter the complete path in the Daily File Directory field and the name of the file in the Daily File Name field.

Allowable Format entries are:

INTERNAL for the internal borrow/loan file
PRICE for the internal market price file
CUSIPEXP for the cusip exposure file
PRINEXP for the principal exposure file
DTC for the daily DTCC Agent Lender files

The Alias field is used in system messages and can contain whatever the user wants. We suggest using the FORMAT field entry in this field.

INI file

All INI parameters (items on the left side of the equal sign) are case insensitive and should be entered without spaces. The parameter is followed by an equal sign and the appropriate value is entered to the right of the equal sign. Valid entries are:

ADOBEPRN defines the Adobe printer name
ADOBEPRN = Adobe PDF (Default = Adobe PDF)

BACKUPDIRECTORY defines the full DOS path for placements of backup copies of all PDF reports from the final run for a given day; ADOBE ACROBAT version 6.0 or later must be installed.

BACKUPDIRECTORY = D:\SBL\BACKUP\

BATCH number not equal to zero indicates a batch run. A negative value will cause SBL to terminate after running. A positive number will let SBL continue to run and wait for another semaphore file.

BATCH = 3

BATCHGRP indicates batch is run in Groups mode

BATCHGRP = Y (default is N)

BRETURNS allows user to include Returns in Borrows calculations.

BRETURNS = Y (Default is N)

BROWSEFONT allows user to pick font size for VIEW windows; 6 is the default size

BROWSEFONT = 6

BROWSER defines location and name of default browser program

BROWSER = F:\PROGRAM FILES\INTERNET EXPLORER\EXPLORE.EXE (Default is %Program Files%\Internet Explorer\EXPLORE.EXE)

CONTONLY defines the criteria to use for the Difference Report. If set to Y Contract Amount will be the only criteria looked at to determine breaks. If set to N the report looks at both Contract and Market Value to determine breaks.

CONTONLY = N (default is N)

CPLUSB allows user to use a credit from the Cash or Bulk charge calculation as an offset when calculating the total borrow or loan charge. If the total results in a credit, the charge will be set to zero.

CPLUSB = Y (Default is N)

CROSSAGENT denotes if offsets are allowed for principals across agents (setting of Y)

CROSSAGENT = N (default is N)

DLYCURE posts the transactions from the Daily Cure File.

DLYCURE = Y (default is N)

EXPTOLERANCE denotes the threshold for inclusion of a counter party or security in the Exposure Reports; it is equivalent to an early warning level and is entered as a percentage of the Exposure limit

EXPTOLERANCE = 8 (Default is 5) Indicates any entry within 8% of the limit will appear in the report.

FIRMNAME shows the name displayed on system reports

FIRMNAME = LDB CONSULTING, INC.

GOODCURE only posts the cures that are beneficial.

GOODCURE = Y (default is N)

GOTCUSIP indicates if internal borrow/loan file contains info by agent/cusip or agent (GOTCUSIP = N)

GOTCUSIP = Y (default is Y)

HELPDIRECTORY defines location of online documentation files

HELPDIRECTORY = D:\SBL\HELP\ (Default = .\HELP\)

IDSWAP if we have foreign DTCC SEDOL, Quick, ISIN, or Valoren security id's this switch will change the internal security ID to match DTCC file. Must have SRCSWAP defined if this option is turned on.

IDSWAP = Y (Default = N)

IMPORTDIRECTORY the full DOS path for all files to be imported

IMPORTDIRECTORY = D:\SBL\IMPORT\

INTDELIMITER defines data delimiting character in internal files imported by the system

INTDELIMITER = TAB,BLANK ,SDF, COMMA or PIPE (PIPE is default); SDF defines column delineated files

LOC is the % to charge Letters of Credit. If this percentage is filled in LOC will be removed from the standard charge calculation and charged separately at this %. This charge appears as its own line item on the charge reports. The system also creates a database file called LOCDUMP.DBF in the Data directory. This can be exported to a CSV file if the detail is needed for the LOC data. Please see 'Export to CSV' for details on exporting database files.

LOC = 1 (Default is 0. 1 = 1%)

MVSWAP swaps the DTCC market value with the internal market value when we find matching transactions. The system will match an DTCC record to the Internal Borrows/Loans file on counterparty ID, security ID, transaction type and quantity and use the market value from the Internal Borrows/Loans file. If no match is found, the price from the Internal Price file is used to compute the DTCC market value. If you want to compute market value directly from the internal price file set both MVSWAP and MVSWAPPRI to Y. This will create a file in your import directory named MVAUDIT.TXT that contains the changes made.

MVSWAP = Y (Default = N)

MVSWAPPRI = Y (Default = N)

NOIMPORT disables the automatic backup of the History file during this process.

NOIMPORT = Y (default is N)

NOMODS disables the automatic backup of the History file during this process.

NOMODS = Y (default is N)

NOPURGE disables the automatic backup of the History file during this process.

NOPURGE = Y (default is N)

OVEROPENINTERNAL exclude internal file positions from the charge calculations when term-date is one business day beyond the position date

OVEROPENINTERNAL = Y (Default = N)

PDFERASE deletes all of the previously created PDF reports within the Adobe port directory.

PDFERASE = Y (Default = N)

PDFREPORT creates PDF reports in addition to the text files automatically created with each run.

PDFREPORT = Y (Default = N)

POSTAI calculates accrued interest per unit supplied by the users Internal Borrow/Loans file. This would be used to reduce the borrow charge. Accrued interest will be adjusted for cures that have the return flag set.

POSTAI calculates unit ai from the internal file and then post ai to borrows in aggregated file

POSTAI = Y (Default = N)

POSTCURE auto posts cures during the import process.

POSTCURE = Y (Default =N)

PRINTDIRECTORY defines the full DOS path for all network print files

PRINTDIRECTORY = D:\SBL\PRINT\

RUNDOS complete path and name (including extension) of DOS program executed after BATCH run

RUNDOS = C:\WORKING\DOSPROG.EXE (default is SBLFINI.EXE in SBL directory)

RUNWIN complete path and name (including extension) of Windows program executed after BATCH run

RUNWIN = C:\WORKING\WINPROG.EXE (default is SBLFINIW.EXE in SBL directory)

SEMAPHORE complete path and name of file whose existence triggers BATCH execution

SEMAPHORE = C:\WORKING\READYSET.TXT (default is SBLBATCH.TXT in IMPORTDIRECTORY)

SRCSWAP defines Internal Source value for which IDSWAP will be performed. Any other Internal Source values will NOT trigger IDSWAP

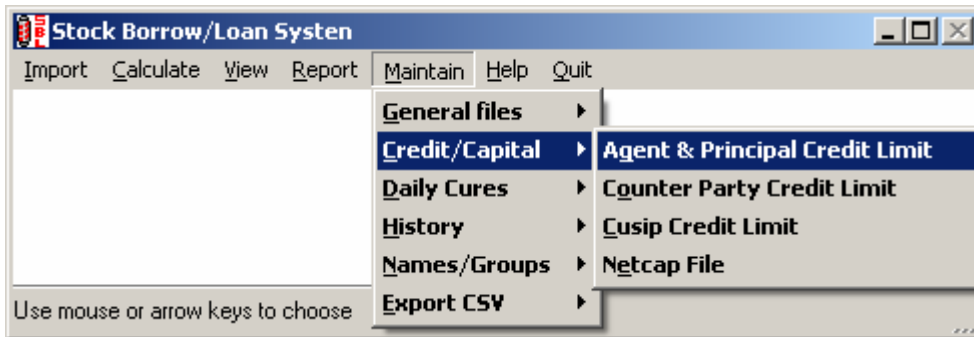
SRCSWAP = GLOBAL1 (Default = BLANK)

TOLERANCE defines how large a dollar amount difference between DTCC and Internal collateral and market values for inclusion in the Difference Report
TOLERANCE = 1000 (Default is 0)

Error Log Purge

This function allows the user to purge the DTCC Log by indicating the oldest date to retain.

Credit/Capital



Agent and Principal Credit Limit

The user may enter maximum exposure for an Agent and Principal combination as well as a date and comment. Date and comment fields may be used for special situations such as pre-approvals. The comment will be shown on the Exposure report until the activity date for the data is greater than the date indicated in this file. This file is OVERWRITTEN each time an import is done and an entry for SPLIMIT is included in the Import Files screen.

Counter Party Credit Limit

The user may enter maximum exposure per counter party as well as a date and comment. Date and comment fields may be used for special situations such as pre-approvals. The comment will be shown on the Exposure report until the activity date for the data is greater than the date indicated in this file. This file is OVERWRITTEN each time an import is done and an entry for CPLIMIT is included in the Import Files screen.

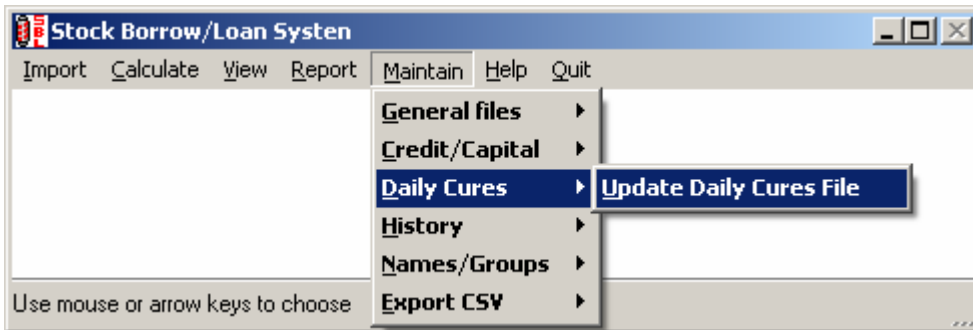
Cusip Credit Limit

The user may enter maximum exposure per cusip as well as a date and comment. Date and comment fields may be used for special situations. The comment will be shown on the Exposure report until the activity date for the data is greater than the date indicated in this file. This file is OVERWRITTEN each time an import is done and an entry for CUSLIMIT is included in the Import Files screen.

Netcap File

The user may enter Excess Net Capital into this table in order to calculate (b) and (c) charges. Only the FIRST record is read: ensuing records are ignored.

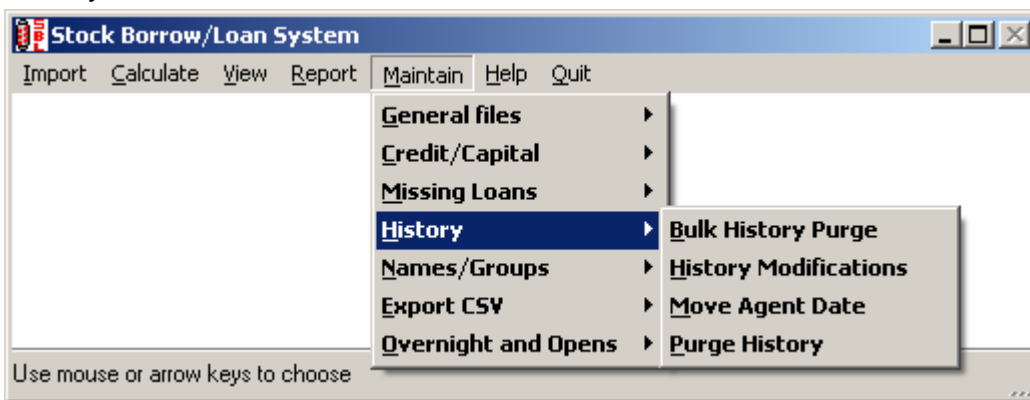
Daily Cures



Update Daily Cures File

Users may maintain a list of cures that would otherwise have to be manually entered. The Market Value will come from the Daily Price file and is not able to be altered by the user. The Date shown in this screen is the last time this cure was posted. This will be the date of the last import.

History



History Modifications

The user may enter data into the history file. No existing data may be deleted or altered, but additional lines, which will be summed with other lines in the file when reports are generated, may be added. The user is asked for a DTC number, Agent Tax Id (optional), and date to alter. TAX Ids may be given in lieu of a DTC number. A blank DTC entry ends the modification loop.

The user is presented with a separate line for Cash Borrow, Cash Loan, Bulk Borrow and Bulk Loan. If an Agent Tax ID is entered only Cash Borrow and Bulk Borrow lines will be available. Entries for any of the pertinent data may be entered. A comment and Sub Type may be appended to each line as well. The Source field, which along with the DTC ID, Agent ID (if entered), date, name and type fields may NOT be altered, will include the modifying user's network name and the date of the modification. Existing lines in the history file will be presented at the top of the screen for reference only. Their values may NOT be altered. A 15 character comment may be entered.

Only modify records with a non-zero entry in one of the numeric fields will be retained.

Move Agent Date

If an Agent fails to produce data for the EOM the rule allows agent data to be copied from one day to another. The Move Agent Date function will allow ANY preexisting data for an agent to be copied to ANY OTHER date. SBL will ask for the Agent, the missing date, and the date to copy the data to. All data that is moved with this function will have "Agent Cpy" and the original data date put into the source field in History.

The following warning messages apply to this function:

- 1 – “Error - No data to move for this Agent.” - There is not data in the history file for this Agent.
- 2 – “Aborting - Agent already has data for this date.” – The requested Agent and Date already exist in the History file.
- 3 – “Error - FROM date not found in History.” – The requested date is not in History.
- 4 – “Error - Missing information (Tax Id, FROM date, or TO date)” – Required information is missing from the input screen. Re-enter info and try again.

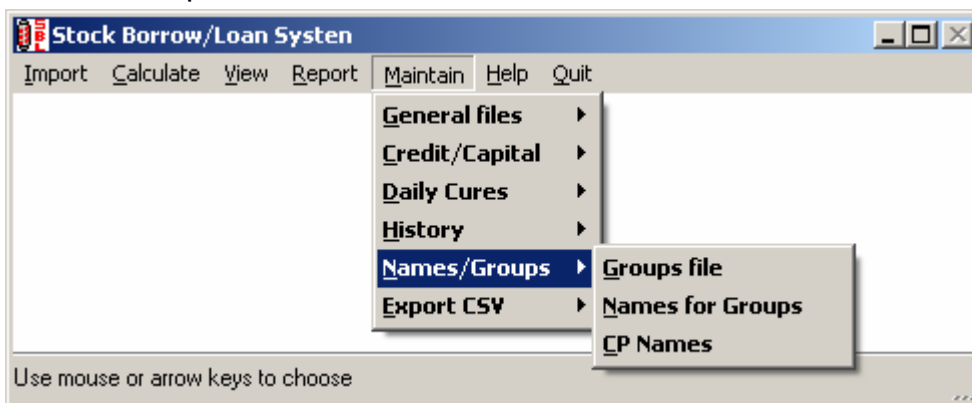
Purge History

The user is shown the oldest and newest dates in the file and may indicate a single date to delete. All records with a date matching the input date are deleted. Nothing is purged if a blank date is entered.

Bulk History Purge

The user is shown the oldest and newest dates in the file and may indicate the OLDEST date to retain. All records with a date prior to the input date are deleted. Nothing is purged if a blank date is entered.

Names/Groups



Groups file

Since it is sometimes necessary to consolidate information for different counter parties, the Groups file allows the user to indicate which DTC IDs should be consolidated into combined entities. The user may create a new DTC indicator for this combined group and the indicator may be alphanumeric or numeric. In reports, the group will be indicated by its group DTC indicator and the name contained for this group in the Names for Groups file, described below.

A DTC indicator may NOT be included in more than one group. If you attempt to do so, you will be warned and the duplicate entry will not be processed.

The groups file is also used to identify an equivalence between the tax ID for agents in the DTCC file and the DTC ID/tax ID in Internal files. If users provide SBL with Tax Ids in both files, then this file is not needed for identifying those equivalencies.

Your installation will include a groups file populated with Tax Ids and DTC numbers from the agency lending web site. This data is NOT NECESSARILY CURRENT AND THE USER SHOULD PERUSE AND CORRECT AS NEEDED.

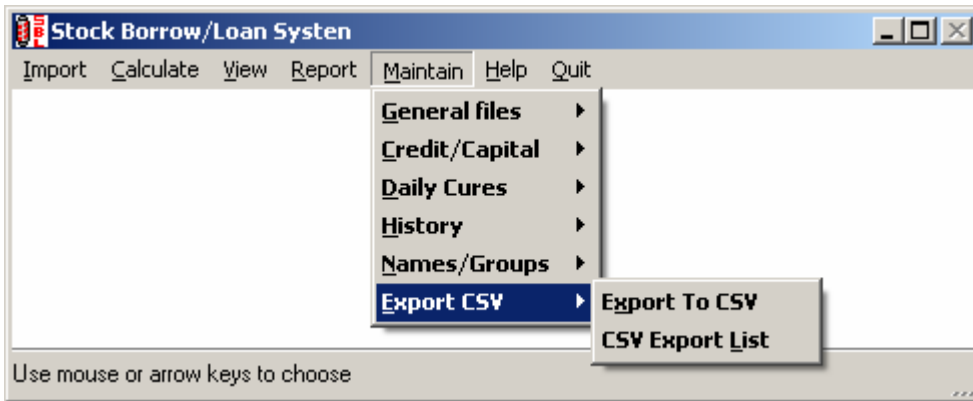
Names for Groups file

When defining groups, the user may assign names to those groups in this file.

CP Names file

This file stores counter party names and allows the user to modify the names.

Export CSV



Export To CSV

Users may navigate to and select data base files (files with extension .dbf) to export. The newly created CSV file will be placed into the user defined PRINT directory and will have the same name as the selected file. We believe all of the records from the DBF will be contained within the CSV file, although Microsoft Excel has a limit of 65,000 records which may hinder the user's ability to see all of the records when opening the file in Excel.

A text file containing the structure of each exported file will be generated and placed into the PRINT directory. In addition, CSVDATE.DBF.CSV, which contains the position date, will be created.

CSV Export List

Users may maintain a list of names for database files to export to CSV. The export will occur at the end of the Calculate option. The program will look in the user defined DATA directory for the files in this list. The newly created CSV file will be placed into the user defined PRINT directory and will have the same name as the selected file. We believe all of the records from the DBF will be contained within the CSV file, although Microsoft Excel has a limit of 65,000 records which may hinder the user's ability to see all of the records when opening the file in Excel.

A text file containing the structure of each exported file will be generated and placed into the PRINT directory. In addition, CSVDATE.DBF.CSV, which contains the position date, will be created.

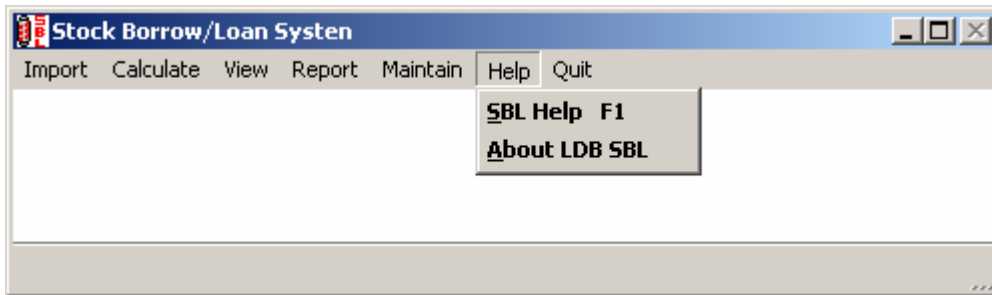
Holidays



Holidays

The user may enter the dates of business holidays. These entries will be used in computing elapsed business days in the OVEROPENINTERNAL logic. If no holidays are entered, all weekdays will be considered business days.

HELP



SBL Help will give the user access to an HTML version of the manual via the default system browser. If SBL cannot find the default browser, the user may define its location using the BROWSER parameter in the INI file. Hitting F1 will launch the HTML help function.

About LDB SBL shows version, default directory and creation information for the application.

Unattended/Batch Processing

The system may be set to run in an unattended, batch mode. BATCH should be set to a non-zero value in the INI file. Once all user files have been provided to the computer running SBL, a semaphore file (see SEMAPHORE setting in INI file section of this manual) should be created. SBL will sense the existence of this file and proceed to import files and perform calculations.

Upon completion of the run, a user-supplied routine (See RUNDOS and RUNWIN settings in INI file) may be executed. Program messages are placed in batchmsg.txt in the print directory. If the BATCH parameter setting is greater than zero, SBL remains open, waiting for another semaphore file. If the parameter is negative, bond will close upon completion.

DTCC File Format Import

Selecting the DTC file format in the import files screen allows the import of DTCC files. This includes the Agent Lender Daily Contract File and Agent Lender Non-Cash Collateral File. The system expects these file names to be in the following DTCC standard format –

1 - Agent Lender Daily Contract File	ALD-tttttttt-xxxxxxx-###
2 - Agent Lender Non-Cash Collateral File	ALN-tttttttt-xxxxxxx-###

t – Corresponds to the sending firm Tax ID.

x – Relates to the sending firm DTCC ID.

- is the sequence number for that file. (See USEDTCLOWSEQ below)

The system will create an aggregated Daily Loan File and an aggregated Daily Loan Non-Cash Collateral File from all the DTCC files in the directory specified in the Import Files screen. The FILENAME field in the import screen should be filled in with DTC (SBL will import all DTC files that are properly named).

In batch mode SBL will look for a file called DTCDATE.TXT. The date contained in this file (format YYYYMMDD) will tell SBL what date is expected in the DTCC files. If this file is not found, SBL will default to the last weekday date. If batch mode is not set SBL will ask for the expected import date for the files.

SBL will check that all the dates in these files are the same and that they match the date indicated by the user interactively or in DTCDATE.TXT in batch mode. If there are date discrepancies a message will appear displaying up to 4 of the problem dates.

The user must remove DTCC files with incorrect dates. The system will NOT ALLOW for multiple dates in the aggregated files.

The record counts for individual files are validated against the header/trailer records. SBL checks that the Sender Tax ID in the filename matches the one in the detail of the file. The business date in the header/trailer is validated against the detail records as well. After the Aggregated files are created all standard DTCC validations are applied.

The user may indicate which of multiple files for a given Agent Lender is to be processed. .USEDTCLOWSEQ is set to Y or N in the ini file. This switch will tell the system to import either the first (Y) or the last (N) sequence number for a particular Agent.

If we had any DTCC import errors a file named dtccerror.txt will be created in your import folder. It will contain details about the DTCC files imported.

Automatic Cure Posting

When the POSTCURE switch is set to Y in the INI file, SBL will automatically post cures for loans backed by cash collateral. Cures include Marks to Market, Returns and Reallocations. Any combination of these flags may be set for a given cure. A reallocation is treated like a return.

The system does not post cures for any reallocations whose agent/loan combination did not exist on day 1 or for any non cash collateral loans.

If the GOODCURE switch is set to Y only those cures that reduce excess collateral will be posted. The Cures Report shows all unposted cures with a Flat or No Help informational message to alert the user as to why this cure was not posted. The Posted Cures Report will show all the Cures that posted.

Quantity, Contract Value and Market Value amounts in the following equations come from the ALD data in the history file for the day in question. Market Value may be populated by Internal data depending on the availability of Market Value from the agent and the setting of the INI switch MVSWAP. Contract Price and Market Price are derived by dividing the Contract Value and Market Value amounts by the quantity for the respective day.

Mark Calculation: (Contract Price Day 1 – Contract Price Day 2) * (Quantity Day 1)

Return Calculation: (Quantity Day 1 – Quantity Day 2) * (Contract Price Day 1 – Market Price Day 1)

Mark and Return Calculation: (Quantity Day 1 – Quantity Day 2) * (Contract Price Day 2 – Market Price Day 1)

File Layouts

Internal File Formats

All the files are pipe delimited files with character data enclosed in quotes. Users may alter delimiter character via the INTDELIMITER parameter in the INI file. **ALL MONETARY FIGURES IN ALL INTERNAL FILES ARE TO BE IN US DOLLARS.**

Borrow/Loans File

FIELD NAME	TYPE	Max Width	Dec	
Counter Party ID	Character	10		Tax ID
Counter Party Name	Character	30		Name for reports
Security ID	Character	12		Cusip, SEDOL, ISIN, etc.
Transaction Type	Character	2		See Note 1
Contract Amount	Numeric	15	2	For Cash Borrows/Loans
Unpriced Amount	Numeric	15	2	
Quantity	Numeric	15	2	

Market Value	Numeric	15	2	
Accrued Interest	Numeric	15	2	
Collateral	Numeric	15	2	For Bulk Borrows/Loans
Source	Character	20		Source of this data, e.g., Loanet, Global 1, Impact, etc.
SEDOL	Character	12		
ISIN	Character	12		
Quick	Character	12		
Valoren	Character	12		
Term Date	Character	10		MM/DD/YYYY

Note 1: CL for Cash Loan, CB for Cash Borrow, BL for Bulk Loan, BB for Bulk Borrow

Note 2: First line of file contains date in Counter Party ID field in format YYYYMMDD.

Note 3: Decimal points must be explicitly shown

Note 4: If IDSWAP and SRCSWAP are defined SBL will automatically sync DTCC SEDOL, ISIN, Quick or Valoren with the internal file. ASSCODE.TXT file will be created in the import directory with the changes.

Market Price File

FIELD NAME	TYPE	Max Width	Dec	
Security ID	Character	12		Cusip, SEDOL, ISIN, etc.
Market Price	Numeric	13	6	Price of security
Multiplier	Numeric	13	6	See Note 1 below

Note 1: Multiplier is a number such that quantity * market price * multiplier gives proper market value for a position. The value would be 1.00 for stock, 0.01 for bonds. Alternatively the user may enter 1 for multiplier and adjust the price accordingly for each security.

Note 2: First line of file contains date in Security ID field in format YYYYMMDD.

Note 3: Decimal points must be explicitly shown

Cures File

FIELD NAME	TYPE	Max Width	Dec	
Counter Party ID	Character	10		Tax ID
Transaction Type	Character	2		See Note 3
Mark to Market	Numeric	15	2	
Returns	Numeric	15	2	

Note 1: First line of file contains date in Security ID field in format YYYYMMDD.

Note 2: Decimal points must be explicitly shown

Note 3: CL for Cash Loan, CB for Cash Borrow, BL for Bulk Loan, BB for Bulk Borrow

Counter Party Exposure File

FIELD NAME	TYPE	Max Width	Dec	
Counter Party ID	Character	10		Tax ID
Exposure Limit	Numeric	15	2	

Date	Character	10		Mm/dd/yyyy
Comment	Character	40		

Note 1: First line of file contains date in Security ID field in format YYYYMMDD.

Note 2: Decimal points must be explicitly shown

Note 3: Date and comment fields may be used for special situations such as pre-approvals. The comment will be shown on the Exposure report until the activity date for the data is greater than the date indicated in this file.

Cusip Exposure File

FIELD NAME	TYPE	Max Width	Dec	
Security ID	Character	12		Cusip, SEDOL, ISIN, etc.
Exposure Limit	Numeric	15	2	
Date	Character	10		Mm/dd/yyyy
Comment	Character	40		

Note 1: First line of file contains date in Security ID field in format YYYYMMDD.

Note 2: Decimal points must be explicitly shown

Note 3: Date and comment fields may be used for special situations such as pre-approvals. The comment will be shown on the Exposure report until the activity date for the data is greater than the date indicated in this file.

Agent + Principal Exposure File

FIELD NAME	TYPE	Max Width	Dec	
Sender Tax ID	Character	9		
Principal Tax ID	Character	10		
Exposure Limit	Numeric	15	2	
Date	Character	10		Mm/dd/yyyy
Comment	Character	40		

Note 1: First line of file contains date in Sender Tax ID field in format YYYYMMDD.

Note 2: Decimal points must be explicitly shown

Note 3: Date and comment fields may be used for special situations such as pre-approvals. The comment will be shown on the Exposure report until the activity date for the data is greater than the date indicated in this file.

CP Names File

FIELD NAME	TYPE	Max Width	Dec	
Counter Party ID	Character	10		Tax ID
Counter Party Name	Character	30		Name for reports

Note 1: Pre-existing definitions will have Name updated while new definitions will be added.

FX Factor File

FIELD NAME	TYPE	Max Width	Dec	

Currency Code	Character	3		3 digit ISO code
Factor	N	15	3	Multiplier to USD

Suggested Minimum Backup Procedures

After installation, the following directories should be backed up:

Program Files\LDB Consulting\20SBL

Program Files\LDB Consulting\20SBL\DATA

Program Files\LDB Consulting\20SBL\DATA\TEMPLATE

Once the system is operational, you need to back up Program Files\LDB Consulting\20SBL only when you have altered the INI file.

The Program Files\LDB Consulting\20SBL\DATA\TEMPLATE directory contains empty versions of all DBF (database) and CDX (index) files as well as the most current copies of user modified/updated files. The Template directory will contain the most recent versions of user modified/maintained files.

If you get an error message indicating that a table or index has been corrupted, you should retrieve the appropriate files from your system backup or from the template directory. When retrieving files from the TEMPLATE directory, you must COPY the files: do NOT MOVE them. When using the TEMPLATE directory, you may Select ALL files in the directory and COPY them to the DATA directory.

If you encounter difficulty in retrieving files, contact LDB Consulting, Inc.

PDF Reports

The purpose is to create PDF reports automatically with each run and, at the user's option, copy them to the backup directory. The PDF reports will be created in the default ADOBE print directory and backed up to the BACKUP directory when the backup functionality is in enabled.

Adobe Acrobat Setup

1. Adobe Acrobat 6.0 or later must be installed.
2. Navigate to the "printers" directory through Windows Control Panel. Right-click on Adobe PDF and select "properties". Select "printing preferences".
3. Uncheck "view Adobe PDF Results", "Do not send fonts to Adobe PDF", and "Prompt for Adobe PDF Filename", click "apply", and click "OK".
4. Select the "Ports" tab (at top of properties box). Click on "Add Port". Ensure that the Adobe PDF Port type is highlighted. Click "New Port", and then navigate to the desired directory to contain the PDF files (C:\Program Files\20SBL\PDFPRINT, for example). Click "close", then "apply", followed by "ok".

Adobe INI Entries

1. PDFREPORT = Y to turn on the logic. Default is N.
2. PDFERASE = Y to delete all of the previously created PDF reports within the Adobe port directory. Default is Y.
3. ADOBEPRN = Adobe PDF to define the printer name. Default is Adobe PDF.

Calculations

SBL Detail Report

Page: 1

TEST FIRM REPORTS
 Activity Date: 08/19/2002
 Reported on 10/06/2002 at 07:03:22

	Contract/ Collateral Value	Unpriced Value	Value/Contract Market Value	Accrued Interest	Market Variance	Mark to Market	Returns	Capital Charge
TEST	SAMPLE Counter Party							
Bulk Borrow	5,470,265.00		395,400.00		-5,074,865.00			5,055,095.00
Bulk Loan	13,571,410.19		9,733,230.56		3,838,179.63			
Cash Borrow	45,416,180.00	1,257,500.00	40,893,485.97	564,399.28	-3,958,294.75			627,900.49
Cash Loan	220,025,900.00	55,490.00	229,568,682.50	246,359.19	-9,844,631.69			9,844,631.69
Cash and Bulk Loan Charge		9,844,631.69	Loan Charge Offset		3,838,179.63	15c3-3 Stock Loan Charge		6,006,452.06
Cash and Bulk Borrow Charge		5,682,995.49	Borrow Charge Offset			Final Charge		11,689,447.55

Variance:

Bulk Borrow: (Market Value + Accrued Interest) – Collateral Value
 Bulk Loan: Collateral Value - (Market Value + Accrued Interest)
 Cash Borrow: (Market Value + Accrued Interest) – Contract Amount
 Cash Loan: Contract Amount - (Market Value + Accrued Interest)

Capital Charge: (All non-zero results are show as POSITIVE numbers)

Bulk Borrow (a): Collateral Value - (Market Value + Accrued Interest) * 1.05 – Mark to Market – Unpriced - **Returns** or ZERO if result is NEGATIVE
 Bulk Borrow (b): Collateral Value - (Market Value + Accrued Interest) – Mark to Market - Unpriced – Returns or ZERO if result is NEGATIVE
 Bulk Loan: Collateral Value Amount + Mark to Market + Returns - (Market Value + Accrued Interest + Unpriced) or ZERO if result is POSITIVE
 Cash Borrow (a): Contract Amount - (Market Value + Accrued Interest) * 1.05 – Mark to Market - Unpriced – **Returns** or ZERO if result is NEGATIVE
 Cash Borrow (b): Contract Amount - (Market Value + Accrued Interest) – Mark to Market - Unpriced – Returns or ZERO if result is NEGATIVE
 Cash Loan: Contract Amount + Mark to Market + Returns - (Market Value + Accrued Interest + Unpriced) or ZERO if result is POSITIVE

Note: Returns are used in Borrows when **BRETURNS** = Y in the INI file.

Note: (a) or (b) will be used, NOT both. User must populate the NETCAP file to test for (b).

Cash and Bulk Loan Charge: Sum of Cash Loan Capital Charge and Bulk Loan Capital Charge

Cash and Bulk Borrow Charge: The greater of (Sum of Cash Borrow Capital Charge (a) and Bulk Borrow Capital Charge (a)) or (Sum of Cash Borrow Capital Charge (b) and Bulk Borrow Capital Charge (b) minus 20% of excess net capital)

Loan Charge Offset: Cash Loan Variance if positive + Bulk Loan Variance if positive

Borrow Charge Offset: Cash Borrow Variance if positive + Bulk Borrow Variance if positive

15c3-3 Stock Loan Charge: Cash and Bulk Loan Charge – Loan Charge Offset – Borrow Charge Offset

Final Charge: Cash and Bulk Loan Charge + Cash and Bulk Borrow Charge – Loan Charge Offset – Borrow Charge Offset

Non-Calculated Fields: Contract Amount, Collateral Value, Unpriced Amount, Market Value, Accrued Interest, Mark to Market and Returns are filled directly from Loanet report fields. Collateral Value, Contract Amount and Market Value are filled with Global One report fields. Any Global One line with a negative Total Collateral Value on a total line is treated as a Loan, e.g., REPO, COLL (REC). Positive values are treated as a Borrow entry. The exception is Pre-Payment, where positive values are treated as a Loan and negative values as a Borrow

Alternate Method - Capital Charge:

Borrow/Loan Capital Charges have credits are shown as negative numbers
CPLUSB = Y in the INI file activates this computation method.

15c3-3 Stock Loan Charge: Cash and Bulk Loan Charge – Borrow Charge Offset **or ZERO if NEGATIVE**

Final Charge: Cash and Bulk Loan Charge + Cash and Bulk Borrow Charge **or ZERO if NEGATIVE**

Paragraph (c) Charges

Aggregate (b) calculations (excess borrows), minus 300% of excess net capital, minus total (a) charges, minus total (b) charges or ZERO if result in NEGATIVE.

Note: User must populate the NETCAP file to test for (c).

Note: Agent Lender data: If CROSSAGENT = N in the INI file, offsets will be applied to counter parties within a single agent but NOT ACROSS agents. Paragraph (b) concentration will be computed across agents. If CROSSAGENT = Y, offsets will be applied across agents. It is suggested that CROSSAGENT = Y only if you the client has proper netting agreements in place with all agents. CROSSAGENT = N is the default setting.