Loan Trading Notifications

In FpML version 5.11, the initiation of a loan trade, tasks that must be accomplished in relation to the trade, and events related to the trade level (not on an allocation-by-allocation basis) are described by the 'loanTradeNotification' (complex type: 'LoanTradeNotification'). This notification type contains a substitution group for all trade-level events, as well as a structure for communicating tasks.

Upon allocation of the trade, all subsequent events and tasks are described by the 'loanAllocation Notification' (complex type: 'LoanAllocationNotification'). Like the 'loanTradeNotification,' this notification type contains a substitution group for all allocation-level events and a structure for communicating allocation-level tasks.

Scenario 1 - Details

In this scenario, the buyer purchases a $10MM facility commitment from the seller. The purchase is made at a price of 100 on 07/21/18.

The following identifiers are used within the notifications in Scenario 1 to represent different actors or structures (e.g. facility structure) related to the trade:

Actor / Structure	External Identifier	Attribute ID (Internal Identifier)
Buyer	GB1L213246	BANK12345
Seller	US1LFM0001	BANK67890
Agent	US1LA00001	AGENT24680
Facility	CUSIP0001	FAC12345
Trade ID (Buyer)	[N/A]	TRD1
Trade ID (Seller)	TN12345	T1
Trade ID (Agent)	[N/A]	TR1
Trade Summary (Buyer)	[N/A]	TRADSUM1
Trade Summary (Seller)	[N/A]	TRDSUM1
Trade Summary (Agent)	[N/A]	TRDSM1
Allocation ID (Buyer)	ALLOC1	A1
Allocation ID (Seller)	[N/A]	AL1
Allocation ID (Agent)	[N/A]	ALC1

Trade Initiation (loan_trade_ex001)

The initiation of the loan trade is represented by XML example 'loan_trade_ex001.'

A full set of details about this trade are conveyed in the 'loan_trade_ex001' XML example. Details include:

- It will be settled as a 'secondary' market assignment, indicated by the 'type' set to 'Secondary' and 'formOfPurchase' value set to 'Assignment.' It is also a 'par' trade, as indicated by the 'documentationType' value set to 'Par.'
- It is *not* a 'when-issued' trade, as indicated by the 'whenIssuedFlag' set to 'false.'
- It is dictated by the LSTA trade rules, as indicated by the 'tradingAssociation' value set to 'LSTA.'
- It will be settled without accrued interest or fees, as indicated by the 'accrualSettlementType' value set to 'SettledWithoutAccrued.'
- It is subject to delayed compensation rules and calculation, indicated by the 'delayedCompensationFlag' set to 'true.'
- The transfer fee is split between buyer and seller, as indicated by the 'transferFee/paidBy' branch value set to 'SplitFull.' The seller remits the full fee to the administrative agent, as indicated by the 'remittedBy' value set to 'Seller.'
- Any nonrecurring fees will be paid to the buyer, as indicated by the 'otherFeesBenefactor' value set to 'Buyer.'
- Any amendment voting rights are passed on to the buyer, as indicated by the 'votingRights' value set to 'PassedOnToBuyer.'
- No collateral is required by the trade, as expressed by the 'collateralRequiredFlag' value set to 'false.'
- The sender of the message is the seller counterparty, as indicated by the 'sentBy' value of 'US1LFM0001.'
- The trade identifier, expressed by the element 'tradeId' value of 'TN12345,' is that of the seller, as indicated by the 'issuer' value of 'US1LRM0001.' Note that in this instance, the 'issuer' value within 'tradeIdentifier' relates to the party that has issued the trade identifier ('tradeId' value); this is not to be confused with the 'issuer' of the asset being traded.

Message Management Communication

The following examples represent technical message handling notifications (not to be confused with business use case notifications), related to a recipient's ability to process a message, or a sender's desire to retract a message.

Trade Acknowledgement (loan_trade_ex002)

This message conveys acknowledgement of receipt and validity of form of the loan trade notification expressed by 'loan_trade_001.' It is based on the 'loanNotificationAcknowledgement' (complex type: 'LoanNotificationAcknowledgement') notification structure used to convey acknowledgement of any loan notification. It utilizes the

'eventIdentifier' of the original loan trade notification ('eventId' = US001) to associate the acknowledgement with the original trade notification.

Other details of note about this message include:
- The sender of the message is the buyer counterparty, as indicated by the 'sentBy' value of 'GB1L213246.'

Trade Exception (loan_trade_ex003)

This message conveys an exception issue with the loan trade notification. It is based on the 'loanNotificationException' (complex type: 'LoanNotificationException') notification structure used to convey exceptions with any loan notification. It utilizes the 'eventIdentifier' of the original loan trade notification ('eventId' = US001) to associate the exception issue with the original trade notification. Other details of note about this message include:
- The sender of the message is the buyer counterparty, as indicated by the 'sentBy' value of 'GB1L213246.'
- The sender utilizes a 'reasonCode' value of '110' which is a system value. More valuable to the recipient of the message is the 'description' element just below the 'reasonCode' which indicates "Message corrupted."

Trade Retraction (loan_trade_ex004)

This message conveys a retraction of the loan trade notification. It is based on the 'loanNotificationRetracted' (complex type: 'LoanNotificationRetracted') notification structure used to convey retractions of any loan notification. It utilizes the 'eventIdentifier' of the original loan trade notification ('eventId' = US001) to associate the acknowledgement with the original trade notification. Other details of note about this message include:
- The sender of the message is the seller counterparty, as indicated by the 'sentBy' value of 'US1LFM0001.'

Trade Confirmation (loan_trade_ex005)

The message is used to confirm the original trade initiation notification. It is based on the 'loanTradeNotification,' utilizing the 'loanTradeConfirmation' substitution event. It utilizes the buyer's internal 'eventIdentifier' ('eventId' = GB001) to confirm the original trade notification. Other details of note about this message include:
- The sender of the message is the buyer counterparty, as indicated by the 'sentBy' value of 'GB1L213246.'

Trade Initiation – Agent (loan_trade_ex006)

Much like message example 'loan_trade_ex001,' this message is used to communicate the initiation of a trade but is used to convey the trade initiation to an administrative agent. As such, and as is appropriate for the use case, the element 'price,' object 'transferFee,' and models 'LoanTrading

CounterpartyCashSettlementRules.model' and 'LoanTradingParticipationSettlementTerms.model,' which appear on an optional sequence within the structure, have been omitted.

Other details of note about this message include:

- The sender of the message is the buyer counterparty, as indicated by the 'sentBy' value of 'GB1L213246.'
- The recipient of the message is the administrative agent, as indicated by the 'sendtTo' value of 'US1LA0001.' Note that there is no 'href' pointer necessitating the representation of the administrative agent as a distinct 'party' object in the message; however, that administrative agent 'party' object has been included for the sake of clarity and readability.

Trade Task (loan_trade_ex007)

This message utilizes the 'loanTradeNotification' structure to communicate a settlement task, related to the trade, that must be completed before the trade is settled. In this example, the administrative agent is communicating with the buyer that it must allocate the trade, demonstrated by the 'type' element within the 'settlementTask' object, and the optional 'comment' of, "Please allocate trade." Other details of note about this message include:

- The sender of the message is the administrative agent, as indicated by the 'sentBy' value of 'US1LA00001,' and 'partyReference' in the header of the message with a value of 'AGENT24680.'
- The recipient of the message is the buyer counterparty, as indicated by the 'sendtTo' value of 'GB1L213246.' Additionally, the buyer is indicated in the 'responsibleParty' element by the value of 'BANK12345.'

Trade Allocation (loan_trade_ex008)

This message utilizes the 'loanAllocation Notification' structure to communicate the allocation of a trade, communicated by buyer to seller. Other details of note about this message include:

- The sender of the message is the buyer counterparty, as indicated by the 'sentBy' value of 'GB1L213246,' and 'partyReference' in the header of the message with a value of 'BANK12345' and 'role' value of 'Buyer.'
- The recipient of the message is the seller, as indicated by the 'sendtTo' value of 'US1LFM0001.'
- The 'issuer' element within 'allocationIdentifier' refers to the issuer of the allocation identifier, and in this case is the buyer, as indicated by 'GB1L212346.'
- The 'originalPartyReference' and 'allocatedPartyReference' are the same ('BANK67890') and the 'amount' is for the entire trade amount ($10,000,000). This indicates that the buyer is allocating the entire trade to itself.

Trade Allocation Confirmation (loan_trade_ex009)

This message utilizes the 'loanAllocationNotification' structure to confirm the allocation notification sent in the previous example (loan_trade_ex008). The confirmation message is sent using the 'loanAllocationConfirmation' event in the 'loanAllocationEventGroup' substitution group.

Other details of note about this message include:

- The sender of the message is the seller counterparty, as indicated by the 'sentBy' value of 'US1LFM0001,' and 'partyReference' in the header of the message with a value of 'BANK67890' and 'role' value of 'Seller.'
- The recipient of the message is the buyer, as indicated by the 'sentTo' value of 'GB1L213246.'
- The referenced event is 'EVENT1' which is the buyer's event identifier for the allocation event.

Trade Allocation Task (loan_trade_ex010)

This message utilizes the 'loanAllocationNotification' structure to convey an allocation-level settlement task that must be completed in order to settle the allocation. The message employs the 'settlement Task' element (complex type: LoanAllocationSettlementTask) to convey details of the task. Other details of note about this message include:

- The party responsible for completing the task is the seller party, as indicated by the 'responsibleParty' reference of 'BANK67890.'
- The date that the task was raised (i.e. the date the buyer conveyed the need for completion of the task to the seller) is 9/8/2017, which is described by the value indicated by the 'raisedDate' element.
- The task is 'LenderProfileDetails' as noted by the 'type' element. The 'comment' element also indicates that the buyer would like the seller to provide lender profile details to complete settlement of the allocation.

Trade Fee Owed (loan_trade_ex011)

This message describes the fee owed by the counterparties for settlement of the assignment, at an overarching trade level. If the administrative agent charges only a single fee for the assignment, regardless of the number of allocations, then usage of this message would be appropriate. The 'loan TradeFeeOwed' event structure within the 'loanTradeNotification' is employed for this purpose. Other details of note about this message include:

- The message is sent from the administrative agent to the seller counterparty, as expressed by the 'sentBy' value of 'US1LA00001' and 'sendTo' value of 'US1LFM0001,' and the administrative agent uses the seller's trade identifier 'US1LFM0001' but internally identifies the trade as 'TR1' which is different than the way the seller counterparty internally identifies the trade.
- The administrative agent states that the assignment fee is not waived, as seen by the value 'false' within the 'waivedFlag' element, and that the fee owed is $3,500, as shown by the 'amount' element with the 'agentAmount' object. Note that the amount owed is the same as the amount expressed by the credit agreement (as indicated by the 'creditAgreementAmount' of $3,500.)
- Note that the 'party' element for id attribute 'BANK67890' is not required, since nothing references this party; however, this element has been included for readability and clarity.

Trade Allocation Fee Owed (loan_trade_ex012)

This message described the fee owed by the counterparties for settlement of the assignment, at the specific allocation level. If the administrative agent charges an assignment fee on a per-allocation basis, then usage of this message would be appropriate. The 'loanAllocationFeeOwed' event structure within the 'loanAllocationNotification' is employed for this purpose. Other details of note about this message include:

- The message is sent from the administrative agent to the seller counterparty, as expressed by the 'sentBy' value of 'US1LA00001' and 'sendTo' value of 'US1LFM0001,' and the administrative agent uses the seller's trade identifier 'US1LFM0001' but internally identifies the trade as 'TR1' which is different than the way the seller counterparty internally identifies the trade.
- The administrative agent states that the assignment fee is not waived, as seen by the value 'false' within the 'waivedFlag' element, and that the fee owed is $3,500, as shown by the 'amount' element with the 'agentAmount' object. Note that the amount owed is the same as the amount expressed by the credit agreement (as indicated by the 'creditAgreementAmount' of $3,500.)
- Note that the 'party' element for id attribute 'BANK67890' is not required, since nothing references this party; however, this element has been included for clarity.

Trade Allocation Settlement Date Availability (loan_trade_ex013)

This message is used to convey information related to the date on which the sender may settle an assignment, expressed at the allocation level. The message utilizes the 'loanAllocationSettlement DateAvailability' event inside 'loanAllocationNotification,' and may be sent between trade counterparties or between counterparty and administrative agent. Other details of note about this message include:

- The buyer counterparty can settle the trade on or after 8/10/17, as expressed by the 'onOrAfterDate' element value of '2017-08-10,' and has indicated that it requires one day lead time for settlement of the allocation, as described by the value of '1' within the 'leadDays' element.
- Note that the 'party' element for id attribute 'AGENT24680' is not required, since nothing references this party; however, this element has been included for clarity.

Trade Allocation Settlement Date Finalization (loan_trade_ex014)

This message is used to convey information related to the date on which the sender may settle an assignment, expressed at the allocation level. The message utilizes the 'loanAllocationSettlement DateFinalization' event inside 'loanAllocationNotification,' and is sent by the administrative agent to the trade counterparties. Other details of note about this message include:

- The agent will settle the trade on or after 8/10/17, as expressed by the 'settlementDate' element value of '2017-08-10.'
- Note that the 'party' element for id attribute 'BANK12345' is not required, since nothing references this party; however, this element has been included for clarity.

Trade Settlement Fee Due (loan_trade_ex015)

This message utilizes the 'loanTradeFeeDue' element within the 'loanTradeNotification' and is used by the administrative agent to convey to trade counterparties that an assignment fee, at the trade level, is due. Other details of note about this message include:

- The assignment fee is due on 8/10/17, as expressed by the 'dueDate' element value of '2018-08-10.'
- Note that the 'party' element for id attribute 'BANK67890' is not required, since nothing references this party; however, this element has been included for clarity.

Trade Allocation Settlement Fee Due (loan_trade_ex016)

This message utilizes the 'loanAllocationFeeDue' event within the 'loanAllocationNotification' and is used by the administrative agent to convey to trade counterparties that an assignment fee, at the allocation level, is due. Other details of note about this message include:

- The assignment fee is due on 8/10/17, as expressed by the 'dueDate' element value of '2018-08-10.'
- Note that the 'party' element for id attribute 'BANK67890' is not required, since nothing references this party; however, this element has been included for clarity.

Trade Allocation Settlement (loan_trade_ex017)

This message utilizes the 'loanAllocationSettlement' event within the 'loanAllocationNotification' and is used between counterparties, or by the administrative agent to counterparties, to formalize the settlement of the allocation. The sender may include outstandings position information in relation to the settled allocation with the 'oustandingsPosition' element. Other details of note about this message include:

- If this message is sent by the administrative agent, it is appropriate to omit the 'fundingFactors' element, as this is related to the settlement economics between buyer counterparty and seller counterparty. Note that this example is sent by agent to counterparty, and therefore omits the 'fundingFactors' element.
- Note that the 'party' elements for id attribute 'BANK12345' and 'BANK67890' are not required, since nothing references these parties; however, these elements have been included for clarity.

Trade Allocation Settlement Between Counterparties (loan_trade_ex018)

This message utilizes the 'loanAllocationSettlement' event within the 'loanAllocationNotification' and is used between counterparties to communicate the details of the allocation settlement, including settlement funding mechanics. As such, this message works similarly to a conventional funding memo. Other details of note about this message include:

- The 'fundingFactors' element details the various calculations of delayed compensation, cost-of-carry, and transfer fees that will impact the cash settlement of the allocation. The 'paymentAmount' element earlier in the message aggregates all the factors that impact cash settlement, including the amount of the facility that is funded, the price, delayed compensation, cost-of-carry, and transfer fees.

Scenario 2 – Details

This example is structured similarly to Scenario 1. A few key differences are described below.

In the following loan trading scenario, the buyer counterparty purchases $5MM of a $1BN Term Loan B facility from the seller counterparty (who is also the administrative agent). The purchase is made at a price of 98 on 9/15/17. The buyer allocates to three sub entities (Senior Loan Fund I, Senior Loan Fund II, and CLO 2017-A).

This scenario provides several examples of the use of the loan trading notification structure to indicate 'tasks' that must be completed in order to settle the trade. Among these is are notifications indicating to the buyer that allocation of the trade must be completed, and that borrower consent to the trade is required. In both circumstances a follow-up notification is sent by the agent, referencing the task, to indicate that the task has been completed.

The following identifiers are used within the notifications in Scenario 2 to represent different actors or structures (e.g. facility structure) related to the trade:

Actor / Structure	External Identifier	Attribute ID (Internal Identifier)
Buyer	EV1000001	EatonVance
Seller	JPM001011	JPMorganChase
Agent	JPM001011	JPMorganChase
Borrower	AMZ1111111	Amazon
Facility	CUSIP0001	TermLoanB
Trade ID (Buyer)	[N/A]	EVLoanTrade1
Trade ID (Seller)	TN12345	LoanTrade1
Trade Summary (Agent)	[N/A]	LoanTradeSummary1
Allocation ID 1 (Buyer)	ALLOC1	LoanAllocation1
Allocation ID 2 (Buyer)	ALLOC2	LoanAllocation2
Allocation ID 3 (Buyer)	ALLOC3	LoanAllocation3
Allocation ID 1 (Agent)	[N/A]	JPLoanAllocation1
Allocated Party 1 (Buyer)	SLFI100000	SeniorLoanFundI
Allocated Party 2 (Buyer)	SLFII100000	SeniorLoanFundII
Allocated Party 3 (Buyer)	CLO2017A111	CLO2017-A

Additional facility details include:

Facility: $1,000,000,000.00 Term Loan B
        Facility Start Date: 1/1/2015
        Facility Expiry Date: N/A
        Facility Maturity Date: 1/1/2020

The chronological sequence of the notifications is as follows. Examples in this scenario are similar to examples in the 'Loan_examples_Trading_Scenario_1_(v5.11)' documentation:

1. loan_trade_ex100 (loanTradeNotification) (loanTrade) – This example describes trade Initiation between counterparties.
2. loan_trade_ex101 (loanTradeNotification) (loanTrade) – This example describes the trade for the benefit of the administrative agent.
3. loan_trade_ex102 (loanTradeNotification) (settlementTask) – This example is sent from agent to buyer to indicate that the buyer must allocate the trade.
4. loan_trade_ex103 (loanAllocationNotification) (loanAllocation) – This example is sent from buyer to agent to allocate the trade to three entities: Senior Loan Fund I, Senior Loan Fund II, and CLO 2017-A.
5. loan_trade_ex104 (loanTradeNotification) (settlementTask, Updated) – This example is sent from agent to buyer to acknowledge that the task of allocating the trade has been completed by the buyer.
6. loan_trade_ex105 (loanAllocationNotification) (settlementTask) – This example is sent from agent to buyer to indicate that borrower's consent to the trade must be received in order to settle the trade. Note that the agent indicates that borrower's consent is necessary to the first allocation (to Senior Loan Fund I), as indicated by it's reference to 'ALLOC1.'
7. loan_trade_ex106 (loanTradeNotification) (loanTradeFeeOwed) – This example is sent from agent to buyer to indicate the assignment fee that is owed for settlement of the trade. Note that the agent is indicating that a single assignment fee is owed for the entire trade (rather than individual fees owed for each allocation).
8. loan_trade_ex107 (loanAllocationNotification) (settlementTask) – This example is sent from agent to buyer to indicate that borrower's consent for 'ALLOC1' has been received.
9. loan_trade_ex108 (loanAllocationNotification) (loanAllocationSettlementDateAvailability) – This example is sent from buyer to agent to indicate the dates on which the buyer is prepared to settle the three allocations. In each instance, the allocated entities are available to settle on or after 9/21/17.
10. loan_trade_ex109 (loanAllocationNotification) (loanAllocationSettlementDateFinalization) – This example is sent from agent to buyer to finalize the settlement dates for the three allocated entities.
11. loan_trade_ex110 (loanTradeNotification) (loanTradeFeeDue) – This example is sent from agent to buyer to formalize the due date for the assignment fee associated with the trade.
12. loan_trade_ex111 (loanAllocationNotification) (loanAllocationSettlement, Counterparties) – This example is sent between counterparties to formalize settlement of the allocations.
13. loan_trade_ex112 (loanAllocationNotification) (loanAllocationSettlement, Agent) – This example is sent from agent to buyer to formalize settlement of the allocations.

Scenario 3 - Additional Examples

In the following loan trading scenario, the buyer counterparty (MEI = "US1L142580") purchases $10MM of a Term Loan A facility from the seller counterparty (MEI = "GB1L104502"). The purchase is made at a price of 100 on 3/1/18.

The following identifiers are used within the notifications in Scenario 3 to represent different actors or structures (e.g. facility structure) related to the trade:

Actor / Structure	External Identifier	Attribute ID (Internal Identifier)
Buyer	US1L142580	US1L142580
Seller	GB1L104502	GB1L104502
Agent	CH1L122575	CH1L122575
Facility	CUSIP1003	CUSIP1003
Trade ID (Buyer)	BBPLC_T_001	T_USTRB_T_001
Trade ID (Seller)	BBPLC_T_001	T_BBPLC_T_001
Trade ID (Agent)	BBPLC_T_001	T_AGBTR_T_001
Allocation ID 1 (Buyer)	001	A_001
Allocation ID 2 (Buyer)	002	A_002
Allocation ID 1 (Agent)	001	CH_001
Allocated Party 1 (Buyer)	KY1L151440	KY1L151440
Allocated Party 2 (Buyer)	KY0M003Z48	KY0M003Z48

1. loan_trade_ex201 (loanTradeNotification) (loanTrade) – This example describes trade Initiation between counterparties.
2. loan_trade_ex202 (loanTradeNotification) (loanTradeConfirmation) – This example describes the confirmation of a trade between counterparties.
3. loan_trade_ex203 (loanTradeNotification) (loanTrade) – This example is sent from seller to agent to communicate the initiation of a trade between counterparties. Note: the agent's MEI is CH1L122575, as discerned by the 'sendTo' value; however, there is no reference within this notification to the agent and as such no party block for the agent exists in this notification.
4. loan_trade_ex204 (loanTradeNotification) (settlement Task) – This example communicates a settlement task of "Allocations" (i.e. a task to allocate the trade) sent from seller to buyer.
5. loan_trade_ex205 (loanTradeNotification) (loanTradeFeeOwed) – This example is sent from agent to seller to convey the amount of an assignment fee due in relation to settling the trade.
6. loan_trade_ex206 (loanAllocationNotification) (loanAllocation) – This example is sent from buyer to seller to indicate how the buyer will allocate the trade. Note that the buyer has allocated to two entities: KY1L151440 and KY0M003Z48.
7. loan_trade_ex207 (loanTradeNotification) (loanAllocationConfirmation) – This example is sent from seller to buyer to confirm the allocations that have been made by the buyer.
8. loan_trade_ex208 (loanAllocationNotification) (settlementTask) – This example is sent from agent to buyer to indicate that due diligence is due from the buyer on the allocation made to KY1L151440. Note that it would be common for the buyer to also require the seller's

administrative questionnaire and other details to complete due diligence in relation to settlement cash flows sent from buyer to seller to settle the allocation.

9. loan_trade_ex209 (loanAllocationNotification) (loanAllocationFeeOwed) – This example is sent from seller to buyer to indicate the buyer's share of the assignment fee that is due from buyer to seller. In this trade example, the buyer owes half of the fee ($1,750) to the seller who remits the entire fee to the agent. Note that the seller is ascribing the fee owed to allocation A_001. If part of the fee were owed to A_001 and A_002, the seller would be required to send two separate notices to indicate this.

10. loan_trade_ex210 (loanAllocationNotification) (loanAllocationSettlementDateAvailability) – This example is sent from buyer to agent to convey the buyer's settlement date availability. Note that the buyer has indicated on or after 3/15/18.

11. loan_trade_ex211 (loanTradeNotification) (loanAllocationSettlementDateFinalization) – This example is sent from agent to buyer to formalize the settlement date for specifically the allocation to KY1L151440.

12. loan_trade_ex212 (loanAllocationNotification) (loanTradeFeeDue) – This example is sent from agent to seller to confirm the due date on which the assignment fee is due.

13. loan_trade_ex213 (loanAllocationNotification) (loanAllocationFeeDue) – This example is sent from seller to buyer to formalize the due date on which the buyer's share of the assignment fee is due.

14. loan_trade_ex214 (loanAllocationNotification) (loanAllocationSettlement) – This example is sent from seller to buyer to formalize the settlement of the A_001 allocation, specifically. The 'taxWithholding' structure has been included in this notification, presumably to indicate that back-up withholding is necessary at time of settlement. Note that this notification could be sent directly to the allocated party, as appropriate. Additionally, it would be expected that a similar notification would be sent by the administrative agent to the allocated party as well, since the administrative agent manages the official book of record.

** Note that several of the above notifications would also be sent in conjunction with the A_002 allocation.