**Rights Issue (Non CSO)**

**Business Requirements Document**

**Version 1.5**

|  |  |
| --- | --- |
| Business Leads | Marie Valmonte |
| IT Project Manager | Neelima Muppalaneni |
| IT Business Analyst | Ashish Mahesh Chugh |
| Primary Department | CITOP |

Version History

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Version** | **Contributor** | **Description** |
| 06/09/2016 | 1.0 | Ashish Mahesh Chugh |  |
| 06/09/2016 | 1.1 | Ashish Mahesh Chugh | Added reference sub process |
| 10/21/2016 | 1.2 | Ashish Mahesh Chugh | Change in Approval workflow process w.r.t utilization amount. |
| 11/15/2016 | 1.3 | Ashish Mahesh Chugh | Change in Approval workflow process w.r.t WFA clear task |
| 02/02/2017 | 1.4 | Ashish Mahesh Chugh | 1. Change in Template details; addition of the Guidance text.  2. Addition of the product sub-types  3. Added new Business Rule for Form submission. |
| 02/22/2017 | 1.5 | Ashish Mahesh Chugh | 1. Updated for TL auto commitment/disbursement finalization task and WFA checklists taks |
| 08/03/2017 | 1.6 | Aarti Sood | Updates ID 6 BR1 under  (Form Initiation & Form Submission for Workflow Business Rules)- reference JIRA CITOPE-360 |

**Table of Contents**

[1. INTRODUCTION 3](#_Toc475617012)

[1.1 Purpose of the Document 3](#_Toc475617013)

[1.2 Intended Audience 3](#_Toc475617014)

[1.3 Key Terms and Definitions 3](#_Toc475617015)

[2. OVERVIEW 3](#_Toc475617016)

[2.1 Background 3](#_Toc475617017)

[2.2 Scope 4](#_Toc475617018)

[3. BUSINESS REQUIREMENTS 4](#_Toc475617019)

[3.1 High Level Business Requirements 4](#_Toc475617020)

[3.2 Requirements 4](#_Toc475617021)

[Annex B: Template 9](#_Toc475617022)

[Annex C: Creators and Standard Form Features 9](#_Toc475617023)

[Annex D: Process Map 10](#_Toc475617024)

# INTRODUCTION

## Purpose of the Document

This document describes in detail the business and functional requirements specification for the Rights Issue

## Intended Audience

* IFC Business Users
* CITOP Members

## Key Terms and Definitions

# 

|  |  |
| --- | --- |
| **Term** | **Definition** |
| Delegated Authority | IFC has been granted Delegated Authority from the Board (IFC/M96-68) to exercise rights issues up to an aggregate ceiling amount for the fiscal year. |
| Amount Requested | It refers to the amount being requested against the product within the project |
| Aggregate Ceiling Amount | The ceiling amount refer to the total amount for the IFC financial year delegated by the Board to IFC Management for all projects processed under the Delegated Authority approval process and with project sub-category as Rights Issue.  The fiscal year ceiling amount is usually finalized around May/June of the current financial year and is effective for the next financial year i.e. July onwards. |
| Single Transaction Amount | Maximum amount that can be approved in single workflow |
| Utilization Amount | Utilization amount refers to the total amount that has been approved against all the Rights Issue workflows instances i.e. Rights Issue (CSO & Non CSO) across all projects. It is updated by iDESK every time the workflow is approved(i.e. it is a running counter) |
| Utilization Rate | Represented as (total utilization amount/total aggregate ceiling amount)\*100) |

# OVERVIEW

## Background

Rights are generally defined as short-term options to purchase shares from an issuer at a fixed price. Rights are often used as a substitute for a dividend or as a “sweetener” in connection to an issuance. Rights granted to existing shareholders of a corporation, which give them the right (but not the obligation) to subscribe to a certain number of shares of a new equity issue, are also called a “privileged” subscription. Such subscriptions can also take place when the existing shareholder has the privilege (either contractually or by law) to maintain its percentage ownership and be protected against a dilution of value. Such rights are called pre-emptive rights. Accordingly, the number of pre-emptive rights granted to such privileged shareholders is usually proportional to their respective ownership percentage. The terms of the rights issue (including the number of rights needed to buy 1 new share, the subscription price and subscription window) are announced by the company in advance of an offering.

Rights Issue template and process is primarily leveraged for streamlining the processing of obtaining necessary approvals for subscribing to the rights issue. Post go live of the automated Rights Issue template in IFCDocs, a large amount of suggested improvements have been received for processing the same. The iPortal 1.5 Rights Issue form and corresponding processes intend to incorporate the existing capabilities and also suggested improvements

Standard Rules:

* The ceiling amounts refer to the maximum allowable approval amount delegated by the Board to IFC Management for projects:
  + processed under the Delegated Authority approval process and
  + with project sub-categories Rights Issue, Risk Management and B Loan
* Utilization amount refers to the total amount that has been approved against all the workflows across projects. It is updated by iDESK every time the workflow is approved (i.e. it is a running counter)
* Each project sub category has its own ceiling amount and utilization amount
* Tracking of said ceiling for each project sub category, without going beyond the approval limit per fiscal year, starts every July 1st to June 30 the following year.
* The fiscal year ceiling amount may change effective the beginning of the following fiscal year, as stated in the final Strategy and Budget Paper for the following fiscal year. This budget paper is usually finalized around May/June.
* If the amount issued against a given sub project category (Rights Issue, Risk Management or B Loan) and cancelled in the same year; the approval ceiling amount is not required to be re-adjusted against the respective sub project category due to cancellations.
* If the workflow has been initiated in a previous fiscal year but approved in the current fiscal year, the utilization amount of the current year will be updated accordingly.
* There is a possibility that the ceiling amount can be increased for a given year
* On final approval of each workflow, the utilization amount and utilization rate needs to be updated accordingly against respective sub project category

## Scope

The scope of this document is limited to encompassing requirements for the processing of the Rights Issue template

# BUSINESS REQUIREMENTS

## High Level Business Requirements

| **ID** | **Requirement Definition** |
| --- | --- |
|  | The Portfolio Officer should have the ability to initiate a Rights Issue form at a Project Level |
|  | The Portfolio Officer should have the ability to submit the Rights Issue form for clearances/approvals |

## Requirements

| **ID** | **BR reference** | **Description** |
| --- | --- | --- |
| ***Form Initiation & Form Submission for Workflow Business Rules*** | | |
|  | BR1 | **Initiator & Submitter**  The Portfolio Officer, Transaction Leader and Team Leader within the project team should have the ability to initiate the form via the “Draft & Finalize Rights Issue” step within the Project Cycle |
|  | BR1 | **Project Status**  *Initiation:* The form can be initiated as long as project status is “Active” or “On Hold”  *Submission for Workflow:* The form can be submitted for workflow as long as project status is “Active” |
|  | BR1 | **Single Active Instance**  Only 1 instance of the Rights Issue can be active at any given point in time i.e. only 1 form instance can have status as either “Draft” or “Workflow in Progress” |
|  | BR1 | **Project Sub Category & Approval Process**  Project Sub Category should be “Rights Issue” and Approval Process as “Delegated VP”  *Error Message:* Invalid project sub category, please select <Sub Category> as the sub category for project |
|  | BR1 | **Product Type, Sub Type and Product Status**  Only the following product type, sub type combinations must be allowed for rights issue. The product status should be “Active”   |  |  |  |  | | --- | --- | --- | --- | | QE | Quasi-Equity | SLO | Senior Loan with Options | | SBL | Subordinated Loan | | FN | Fund | QSL | Quasi-Equity Senior Loan | | QSB | Quasi-Equity Subordinated Loan | | QE | Quasi-Equity | CSF | Common Shares (Fixed $US Return) | | PSF | Preferred Shares (Fixed $US Return) | | OEF | Other Non-Share Equity (Fixed $US Return) | | SE | Straight Equity | COM | Common Shares | | PRF | Preferred Shares | | ADR | American Depository Receipts (ADR) | | GDR | Global Depository Receipts (GDR) | | UJV | Unincorporated Joint Venture | | ONE | Other Non-Share Equity | | FN | Fund | SEC | Straight Equity Common Shares | | SEP | Straight Equity Preferred Shares | | SEN | Straight Equity Non-Share | |
|  | BR1 | **Initiative & Approval Process**   1. Against each product, the initiative should be “IFC’s Own Account/Managed   Error Message: All products against the project do not have the initiative as "IFC's Account/Managed". Please make the necessary changes\   1. If any of the product initiative is other than “IFC’s Own Account/Managed, then following validations will not be applicable: 2. ID 7 BR1 (***Form Initiation & Form Submission for Workflow Business Rules)*** (Creation, Submission, Task Approval) 3. ID 10 BR2 (**Post Form Submission)** 4. ID 1 BR2 (***Final Approval Business Rules)*** 5. ID 2 BR2 (***Final Approval Business Rules)*** 6. ID 3 BR2 (**Post Final Approval)** |
|  | BR1 | **Ceiling Amount, Utilization Amount, Single Transaction Amount & Amount Requested**   |  |  | | --- | --- | | **Validation** | **Error Message** | | (Aggregate Ceiling – Utilization) =0 | The aggregate ceiling for the <Project Sub Category> has been reached for the current fiscal year. For further instruction on how to proceed, please refer to the IFC Operational Procedures: Portfolio Operations and Supervision Processes, Section III.1.3. | | Amount Requested> (Aggregate Ceiling – Utilization) | The amount being requested is greater than the amount available for utilization under the <Project Sub Category>. For further instruction on how to proceed, please refer to the IFC Operational Procedures: Portfolio Operations and Supervision Processes, Section III.1.3. | | Amount Requested>Single Transaction Amount | Amount being requested for the proposed <Project Sub Category> should not exceed the transaction limit <amount>. Please contact the IFC Helpdesk team for further clarifications if needed | |
| ***Form Submission Business Rules*** | | |
|  | BR1 | **Partner Tier**  System should not allow to submit the workflow if Partner tier is not available.  Error Message**:< Partner Tier>** has not been defined in iDESK. Please click here to setup the same.  Additional notes:  Click here links:  In case of Fund Partner Tier missing – CRR page link to be used  In case of other than fund partner tier missing – IRP page link to be used |

|  |  |  |
| --- | --- | --- |
| **Post Form Creation** | | |
|  | BR1 | **Delegated Authority guideline and additional information display**  On successful creation, delegated authority guidelines and additional information need to be displayed on the form  *Successful Creation Message*   * IFC has been granted Delegated Authority from the Board (IFC/M96-68) to exercise rights issues up to **<Currency> <Aggregate Ceiling Amount >** for the **<Fiscal Year>,** provided the subscription value for each transaction does not exceed single transaction amount <**Currency> <Single Transaction Amount >.** * This is an approval request for **<Rights issue /B-Loan/Risk Management >** for **<Currency> <Requested Amount>**. * The current utilization is **<Currency> < Utilized Amount post approval >.** Utilization amount after the final approval will be **<Currency> < Utilized Amount post approval >.** |
| **Post Form Submission** | | |
|  | BR2 | **Utilization information in the audit trail on workflow initiation:**  On form submission, the utilization amount should be pushed with prefix to the comments area. Message prefix is listed below.  **Utilization**: The current utilization is **<Currency> < Utilized Amount pre approval >**. Utilization amount after the final approval will be **<Currency> < Utilized Amount post approval >.** |
|  | BR2 | **CSO & Non CSO Clearances/Approvals**  If the project is tagged as CSO in iDESK (CSO status as “Yes” in iDESK details tab) prior to form submission; the clearances/approvals should be as per the Rights Issue CSO process. If the project is not tagged as CSO, the clearances/approvals should be as per the Rights Issue Non CSO process. |

| **ID** | **BR reference** | **Description** |
| --- | --- | --- |
| ***Final Approval Business Rules*** | | |
|  | BR2 | **Amount Requested, Ceiling Amount & Utilization Amount validation**  Upon task claim, following validations must be performed   |  |  | | --- | --- | | **Validation** | **Error Message** | | (Aggregate Ceiling – Utilization) =0 | The aggregate ceiling for the <Project Sub Category> has been reached for the current fiscal year. Please close the task and contact the CPMSU team. Post changes by CPMSU, retry opening and completing the task. Alternatively, you may choose “Rejected" to end the workflow | | Amount Requested> (Aggregate Ceiling – Utilization) | The amount being requested is greater than the amount available for utilization. Please close the task and contact the CPMSU team. Post changes by CPMSU, retry opening and completing the task. Alternatively, you may choose “Rejected" to end the workflow | |
|  | BR2 | **Tasks for which the business rules must be checked**   * Credit Officer Approve (Decision; Approved) * Portfolio Manager Approve 2 level (Decision; Approved with Credits Officer’s Conditions; Approved (in case of Partner Tier 1) * Regional Industry Head Approve (in case of Partner Tier 2) * Global Industry Director Approve (in case of Partner Tier 2) |
| **Post Final Approval** | | |
|  | BR2 | **Utilization information in the audit trail on final approval**  At final approval, the utilization amount must be pushed with prefix to the comments area. Message prefix is listed below.  **Utilization**: The current utilization is **<Currency> < Utilized Amount pre approval >**. Utilization amount after the final approval will be **<Currency> < Utilized Amount post approval >.** |
| **CEXVP Task** | | |
|  | BR2 | **CEXP VP – Enter MAM Signing Date**   * CEX VP needs to enter the MAM number on the task screen * Post approval the stage of the Project and Product will be “Pending 1st Commitment”. * Additionally, final approval E-Mail notification should go out to WFA team as well. |
| **Commitment & Disbursement** | | |
|  | BR2 | **TL Finalize Commitment and Finalize Disbursement**  There should be an ability for the TL to choose an auto finalization of commitment and disbursement respectively in case of rights issue via tasks. On choosing the respective option, a workflow is initiated in iDESK and finalized automatically e.g. workflow id and record for commitment is created in iDESK and status displayed will be “Finalized”. The auto commitment should happen only for the straight equity type products that are listed in the form i.e.   |  |  |  |  | | --- | --- | --- | --- | | SE | Straight Equity | COM | Common Shares | | PRF | Preferred Shares | | ADR | American Depository Receipts (ADR) | | GDR | Global Depository Receipts (GDR) | | UJV | Unincorporated Joint Venture | | ONE | Other Non-Share Equity |   Product stage will be updated as applicable.  Similar behaviour is expected in case of Disbursement for rights issue via the TL Finalize Disbursement task |
|  | BR2 | **WFA Commitment and Disbursement Checklists**  There should be an ability for WFA to download and upload commitment and disbursement checklists for rights issue as part of the workflow tasks(For UX, please refer to the WFA task screens in PDS Signing and PDS Disbursement) |
| **Data Carry Forward** | | |
|  | BR3 | No data and attachments should be carry forward if new instance is created. |

# Annex B: Template



# Annex C: Creators and Standard Form Features

|  |  |
| --- | --- |
| **Creator** | **Contributor** |
| Portfolio Officer  Transaction Leader  Team Leader | Core Team Roles |

|  |  |
| --- | --- |
| **Feature** | **Applicability** |
| Edit | Yes |
| Save | Yes |
| Submit for Workflow | Yes |
| Notify | Yes |
| Download | Yes |
| Upload | Yes |
| Change History | Yes |
| Delete | Yes |
| Print/Preview | Yes |
| Attachment Add/Remove | Yes |
| Recall Workflow | Yes |

# Annex D: Process Map

