Project Arrakis Bond Maturity

This project relates to managing the maturity of Fixed Income Instruments typically bonds.

·   The term fixed income is important for this project and is often used to describe bonds, since your investment earns fixed payments over the lifetime of the bond.

What Is A Bond?

A bond is a type of investment security where an investor lends money to a company or government for a set period of time, in exchange for regular interest payments.

When the bond reaches maturity (the time when the bond issuer must repay the original bond value to the bond holder), the issuer of the bond returns the investor's money.

** The term security is used interchangeably throughout this documentation and refers to a tradable financial instrument. **

What is a Position?

A position is the amount of a security which is owned by an entity/person. The key features of a bond include the following:

·   Face value/Par value – the amount of money the holder gets back when the bond matures

·   Interest/ Coupon – the amount of interest the bondholder will receive per payment, expressed as a percentage

·   Maturity – this date refers to the final payment date of the financial instrument at which point the original money is returned to the investor

Managing Bond Life Cycle Events

Background

We have to be able to track bonds in our inventory and understand when bonds mature, so that the face value can be returned to the investor.

Objectives to provide transparency on maturing bonds, in particular those bonds that are still on our books post maturity - any bond remaining on our books post maturity would indicate there is an issue with the redemption of that bond e.g. trade fail, mis-booking, systems failure to name a few.

- The FIC team would like to build an application that will allow users to track when bonds are maturing so any issues can be identified and resolved. A particular focus should be given to those bonds past maturity
- The tooling is intended to be used by operations to identify and investigate issues that would cause a bond to remain on our books post maturity allowing those issues to be addressed
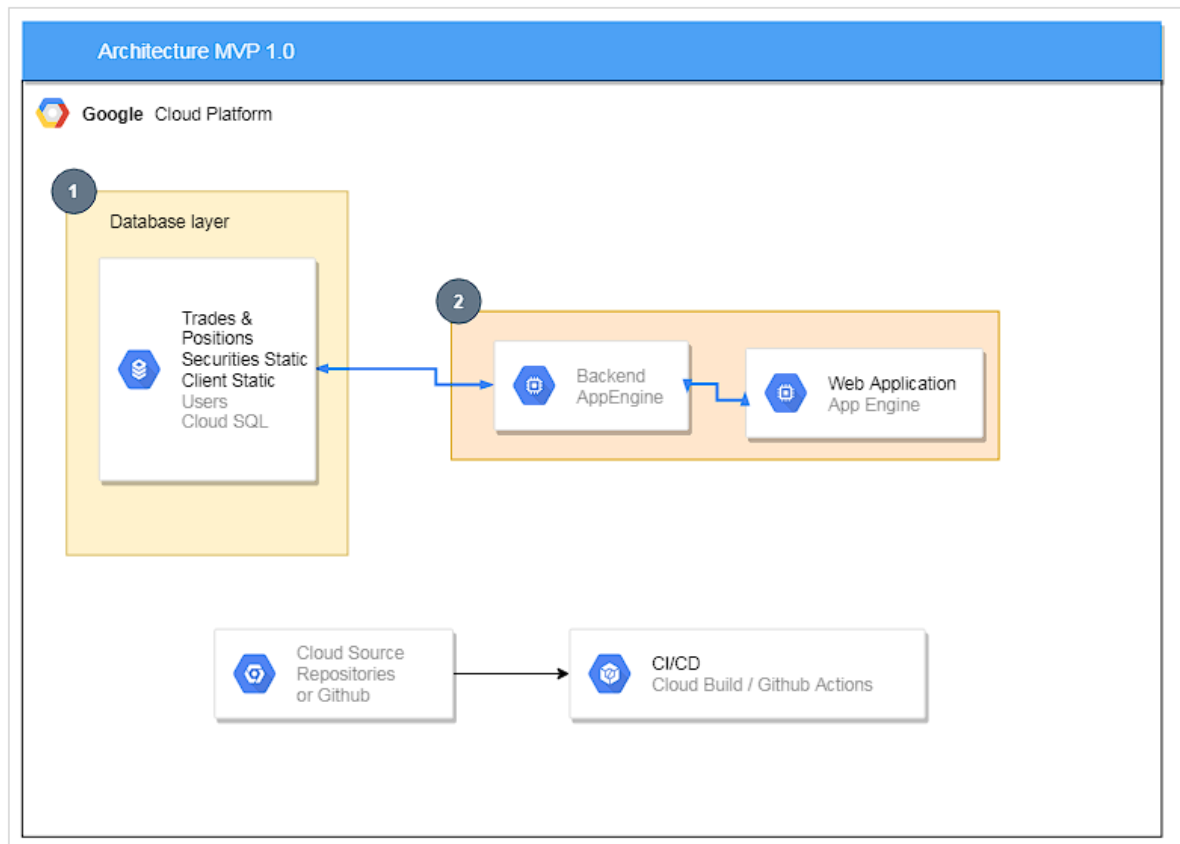
Conceptual Brief

This will be tooling that aids operations in identifying issues with bonds post maturity that are still on our books. The tooling should provide visibility on the trades linked to a bond which might help identify failed trades, mis-bookings, timing issues etc.

The minimum viable product would entail a UI to display the redemptions due and flag redemptions past due. There should be a dashboard and search mechanism.

The user should be able to run a report to view which securities are due redemption over a specific period of time. The standard process enables redemptions to be triggered automatically, this tool supports the investigation of why the standard process failed.

It is intended for the project to be delivered across a series of MVP's which expand over time in complexity.

Proposed High Level Architecture MVP 1.0

Architecture MVP 2.0+