**BRS- LOS MVP (AI Component)**

The Legal Operating System seeks to be a single uniform platform that involves a workflow system having customised AI/ML at its core to aid a team member in legal service delivery across business groups. Currently, we seek the assistance on development of the AI Component for the MVP, which will is presently limited to the WBG (Credit Lending) User Journey after sanction of a credit proposal. The workflow components and overall design of the LOS is more fully described in the SoW to be executed with IBM.

***Brief Overview of Lending Transaction***

The relationship team typically approaches the Legal Group for inputs, advisory and documentation review of ongoing lending transactions.

An overview of a typical loan transaction and its corresponding documents is given below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Product | Finance Document | Security Provider/  Contractual Comfort Provider | Security Document | Corporate Authorisation | Miscellaneous |
| Secured Rupee Term Loan | High Rated Facility Agreement  OR | Borrower  AND/ OR | Combination:   1. Hypothecation; 2. Equitable Mortgage; 3. Simple Mortgage; 4. Pledge 5. Guarantee; 6. Non Disposal Undertaking (NDU); 7. Shortfall Undertaking | Borrower AND/ OR Third Party:   1. Board Resolution 2. Shareholders’ Resolutions | Combination:   1. Pari passu letters; 2. KMP Certificates. |
| Low Rated Facility Agreement | Third-Party |
| Secured Working Capital Facility | High Rated Facility Agreement  OR | Borrower  AND/OR | As above | As above | As above |
| Low Rated Facility Agreement | Third-Party |
| Unsecured Rupee Term Loan | High Rated Facility Agreement  OR | Third Party | Combination:   1. Guarantee; 2. NDU; 3. Shortfall Undertaking | Borrower AND/OR Third Party:   1. Board Resolution 2. Shareholders’ Resolution | Combination:   1. KMP Certificates. |
| Low Rated Facility Agreement |
| Unsecured Working Capital Facility | High Rated Facility Agreement  OR | Third-Party | Combination:   1. Guarantee; 2. NDU over assets; | As above | As above. |
| Low Rated Facility Agreement |

The documents involved in a transaction can involve a permutation/ combination of these and typically based on a reading of the Credit Arrangement Letter/ sanctioned terms.

We presume the inputs and field forms are part of the workflow system and shall be validated by IBM/ ITG.

***Expectation of AI Component***

* Compare Given Document with template based on rating, product, security (as applicable) – this should be automatic, based on inputs provided by WBG Business Originator at the time of Task Creation OR extracted from Credit Arrangement Letter.
* Discrepancies in document to be highlighted on the basis of:

1. Where template document is used: All changes to clauses other than transaction particulars;
2. Where non-template document is used: Clause-by-clause comparison with similar clauses in template document.

* Every modified clause in Given Document to be compared with:

1. Stipulated Clause under Sanctioned Terms/ Credit Arrangement Letter;
2. Similar Clause with the Same Client/ Counter-party for earlier transactions;
3. Similar Clause with Group Companies of Same Client/ Counter-party;
4. Similar Clause with Other Companies.

The above are required to be displayed as automatic prompts, clickable by the Legal Group User (please refer to the prototype for more details).

* Prompts for further auctioning based on existing authorisation matrix or other inputs and then colour code (green, yellow, orange, red) based on complexity of clause – this would denote to the Legal Group User whose authorisation is required for accepting changes.
* Cross-compare with other documents (Security/ Finance/ Others) if a modification in one would entail mirror changes in the other – to be in form of suggestions.

**List of 10 documents identified in the call on March 6, 2023**

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **Nomenclature of the Document** | **Checks** | **Miscellaneous** |
| 1 | Working Capital Facility Agreement for High Rated Borrowers | **Check 1:** Nature of Facility – To be used for working capital facilities  **Check 2:** Rating of Borrower – To be used for High rated Borrower i.e. internal rating of A and above |  |
| 2 | Working Capital Facility Agreement for Low Rated Borrowersw | **Check 1:** Nature of Facility – To be used for working capital facilities  **Check 2:** Rating of Borrower – To be used for low rated Borrower i.e. internal rating of A- and below |  |
| 3 | Rupee Term Loan Facility Agreement for High Rated Borrowers | **Check 1:** Nature of Facility – To be used for rupee term loan facilities  **Check 2:** Rating of Borrower – To be used for High rated Borrower i.e. internal rating of A and above |  |
| 4 | Rupee Term Loan Facility Agreement for Low Rated Borrowers | **Check 1:** Nature of Facility – To be used for rupee term loan facilities  **Check 2:** Rating of Borrower – To be used for low rated Borrower i.e. internal rating of A- and below |  |
| 5 | Deed of Hypothecation - Borrower | **Check 1:** Nature of Facility – To be used for secured facilities  **Check 2:** Type of Security – To be used when security is stipulated over any one or more of the Current Assets, Moveable Fixed Assets, Escrow Agreement, Account Assets or Debt Service Reserve Account  **Check 3:** Security Provider – To be used when the security is being provided by the Borrower itself | Each deed of hypothecation consists of two parts –part 1 containing the operative clauses and part 2 being the Schedule containing the variable inputs and types of security. In certain circumstances, part 1 of the deed may also require modification due to nature of variable inputs in part 2. |
| 6 | Deed of Hypothecation – Third Party | **Check 1:** Nature of Facility – To be used for secured facilities  **Check 2:** Type of Security – To be used when security is stipulated over any one or more of the Current Assets, Moveable Fixed Assets, Escrow Agreement, Account Assets or Debt Service Reserve Account  **Check 3:** Security Provider – To be used when the security is being provided by any third party | Each deed of hypothecation consists of two parts –part 1 containing the operative clauses and part 2 being the Schedule containing the variable inputs and types of security. In certain circumstances, part 1 of the deed may also require modification due to nature of variable inputs in part 2. |
| 7 | Indenture of Mortgage – Borrower | **Check 1:** Nature of Facility – To be used for secured facilities  **Check 2:** Type of Security – To be used when security is stipulated over Immovable Fixed Assets/Immovable Properties/Land & Building  **Check 3:** Type of Mortgage- To be used in cases of Simple Mortgage / Registered Mortgage  **Check 4:** Security Provider – To be used when the security is being provided by the Borrower | Each indenture of mortgage consists of two parts –part 1 containing the operative clauses and part 2 being the Schedule containing the variable inputs and details of security. In certain circumstances, part 1 of the deed may also require modification due to nature of variable inputs in part 2. |
| 8 | Indenture of Mortgage – Third Party | **Check 1:** Nature of Facility – To be used for secured facilities  **Check 2:** Type of Security – To be used when security is stipulated over Immovable Fixed Assets/Immovable Properties/Land & Building  **Check 3:** Type of Mortgage- To be used in cases of Simple Mortgage / Registered Mortgage  **Check 4:** Security Provider – To be used when the security is being provided by a third party | Each indenture of mortgage consists of two parts –part 1 containing the operative clauses and part 2 being the Schedule containing the variable inputs and details of security. In certain circumstances, part 1 of the deed may also require modification due to nature of variable inputs in part 2. |
| 9 | Mortgage Declaration - Borrower | **Check 1:** Nature of Facility – To be used for secured facilities  **Check 2:** Type of Security – To be used when security is stipulated over Immovable Fixed Assets/Immovable Properties/Land & Building  **Check 3:** Type of Mortgage- To be used in cases of Equitable Mortgage / Mortgage by way of deposit of title deeds  **Check 4:** Security Provider – To be used when the security is being provided by the Borrower | Each Mortgage Declaration consists of two parts –part 1 containing the operative clauses and part 2 being the Schedule containing the variable inputs and details of security. In certain circumstances, part 1 of the deed may also require modification due to nature of variable inputs in part 2. |
| 10 | Mortgage Declaration – Third Party | **Check 1:** Nature of Facility – To be used for secured facilities  **Check 2:** Type of Security – To be used when security is stipulated over Immovable Fixed Assets/Immovable Properties/Land & Building  **Check 3:** Type of Mortgage- To be used in cases of Equitable Mortgage / Mortgage by way of deposit of title deeds  **Check 4:** Security Provider – To be used when the security is being provided by a third party | Each Mortgage Declaration consists of two parts –part 1 containing the operative clauses and part 2 being the Schedule containing the variable inputs and details of security. In certain circumstances, part 1 of the deed may also require modification due to nature of variable inputs in part 2. |
| 11 | Memorandum of Entry – Borrower – First time deposit of title deeds | **Check 1:** Nature of Facility – To be used for secured facilities  **Check 2:** Type of Security – To be used when security is stipulated over Immovable Fixed Assets/Immovable Properties/Land & Building  **Check 3:** Type of Mortgage- To be used in cases of Equitable Mortgage / Mortgage by way of deposit of title deeds  **Check 4:** Security Provider – To be used when the security is being provided by the Borrower  **Check 5:** Nature of Deposit – To be used when the title deeds are being deposited for the first time | Each Memorandum of Entry consists of two parts –part 1 containing the operative clauses and part 2 being the Schedule containing the variable inputs and details of security. In certain circumstances, part 1 of the deed may also require modification due to nature of variable inputs in part 2. |
| 12 | Memorandum of Entry – Borrower – Constructive delivery of title deeds | **Check 1:** Nature of Facility – To be used for secured facilities  **Check 2:** Type of Security – To be used when security is stipulated over Immovable Fixed Assets/Immovable Properties/Land & Building  **Check 3:** Type of Mortgage- To be used in cases of Equitable Mortgage / Mortgage by way of deposit of title deeds  **Check 4:** Security Provider – To be used when the security is being provided by the Borrower  **Check 5:** Nature of Deposit – To be used in the event of constructive delivery of title deeds | Each Memorandum of Entry consists of two parts –part 1 containing the operative clauses and part 2 being the Schedule containing the variable inputs and details of security. In certain circumstances, part 1 of the deed may also require modification due to nature of variable inputs in part 2. |
| 13 | Memorandum of Entry – Third Party – First time deposit of title deeds | **Check 1:** Nature of Facility – To be used for secured facilities  **Check 2:** Type of Security – To be used when security is stipulated over Immovable Fixed Assets/Immovable Properties/Land & Building  **Check 3:** Type of Mortgage- To be used in cases of Equitable Mortgage / Mortgage by way of deposit of title deeds  **Check 4:** Security Provider – To be used when the security is being provided by a third party  **Check 5:** Nature of Deposit – To be used when the title deeds are being deposited for the first time | Each Memorandum of Entry consists of two parts –part 1 containing the operative clauses and part 2 being the Schedule containing the variable inputs and details of security. In certain circumstances, part 1 of the deed may also require modification due to nature of variable inputs in part 2. |
| 14 | Memorandum of Entry – Third Party – Constructive delivery of title deeds | **Check 1:** Nature of Facility – To be used for secured facilities  **Check 2:** Type of Security – To be used when security is stipulated over Immovable Fixed Assets/Immovable Properties/Land & Building  **Check 3:** Type of Mortgage- To be used in cases of Equitable Mortgage / Mortgage by way of deposit of title deeds  **Check 4:** Security Provider – To be used when the security is being provided by a third party  **Check 5:** Nature of Deposit – To be used in the event of constructive delivery of title deeds | Each Memorandum of Entry consists of two parts –part 1 containing the operative clauses and part 2 being the Schedule containing the variable inputs and details of security. In certain circumstances, part 1 of the deed may also require modification due to nature of variable inputs in part 2. |