Computation of Facility Utilization

See previous W5 version guide

PURPOSE

This document describes how the utilization are calculated for the various financial products.

WHY IS THIS IMPORTANT?

This allows users to verify the methodology used by CS Lucas to compute the facility utilization.

FORMULA

The utilization for various financial products are calculated below:

Money Market

As at Date = 15 Feb 2003

Term Loan

As at Date = 15 Feb 2003

Trade Details				Utilization	
VDate	MDate	Ccy	Oustanding	Ccy	Amount
15-Feb-03	15-Feb-03	SGD	1,000		-
16-Feb-03	17-Feb-03	SGD	1,000		-
13-Feb-03	15-Feb-03	USD	2,000		-
13-Feb-03	16-Feb-03	GBP	2,000	GBP	2,000
15-Feb-03	17-Feb-03	SGD	1,000	SGD	1,000

Foreign Exchange Outright (Same as Non Deliverable Forwards)

As at Date = 15 Feb 2003

Trade Details							Utilization	
TDate	VDate	Transaction	Buy Ccy	Buy Amount	Sell Ccy	Sell Amount	Ccy	Amount
15-Feb-03	15-Feb-03	Buy	SGD	1,000	USD	1,500		-
16-Feb-03	17-Feb-03	Buy	SGD	1,000	USD	667		-
13-Feb-03	15-Feb-03	Buy	USD	2,000	GBP	1,250		-
13-Feb-03	16-Feb-03	Buy	GBP	2,000	USD	3,200	GBP	2,000
15-Feb-03	16-Feb-03	Sell	SGD	1,000	USD	1,500	USD	1,500
13-Feb-03	16-Feb-03	Sell	GBP	2,000	USD	3,200	USD	3,200

Note

The computation of utilization is based on TDate (Trade Date).

Buy Transactions uses the Buy Ccy and Buy Amount as the Utilization Ccy and Utilization Amount.

Sell Transactions uses the Sell Ccy and Sell Amount as the Utilization Ccy and Utilization Amount.

Foreign Exchange Swap (Same as Non Deliverable Forwards)

Foreign Exchange Swaps are booked in the system as a pair of FX Outright at inception (Trade Date). For determining the utilization, the system ignores the Near Leg of the swap.

Based on the far leg, the system determines the utilization based on the following. The trade date is the date when the FX Swap was put in place.

As at Date = 15 Feb 2003

Trade Details							Utilization	
TDate	VDate	Transaction	Buy Ccy	Buy Amount	Sell Ccy	Sell Amount	Ccy	Amount
15-Feb-03	15-Feb-03	Buy	SGD	1,000	USD	1,500		-
16-Feb-03	15-Feb-03	Buy	SGD	1,000	USD	667		-
13-Feb-03	15-Feb-03	Buy	USD	2,000	GBP	1,250		-
13-Feb-03	16-Feb-03	Buy	GBP	2,000	USD	3,200	GBP	2,000
15-Feb-03	16-Feb-03	Sell	SGD	1,000	USD	1,500	USD	1,500
13-Feb-03	16-Feb-03	Sell	GBP	2,000	USD	3,200	USD	3,200

Note

The computation of utilization is based on TDate (Trade Date).

Buy Transactions uses the Buy Ccy and Buy Amount as the Utilization Ccy and Utilization Amount.

Sell Transactions uses the Sell Ccy and Sell Amount as the Utilization Ccy and Utilization Amount.

Non Deliverable Forward (Same as FX Outrights)

As at Date = 15 Feb 2003

Trade Details							Utilization	
TDate	VDate	Transaction	Buy Ccy	Buy Amount	Sell Ccy	Sell Amount	Ccy	Amount
15-Feb-03	15-Feb-03	Buy	SGD	1,000	USD	1,500		-
16-Feb-03	15-Feb-03	Buy	SGD	1,000	USD	667		-
13-Feb-03	15-Feb-03	Buy	USD	2,000	GBP	1,250		-
13-Feb-03	16-Feb-03	Buy	GBP	2,000	USD	3,200	GBP	2,000
15-Feb-03	16-Feb-03	Sell	SGD	1,000	USD	1,500	USD	1,500
13-Feb-03	16-Feb-03	Sell	GBP	2,000	USD	3,200	USD	3,200

Note

The computation of utilization is based on TDate (Trade Date).

Buy Transactions uses the Buy Ccy and Buy Amount as the Utilization Ccy and Utilization Amount.

Sell Transactions uses the Sell Ccy and Sell Amount as the Utilization Ccy and Utilization Amount.

Currency Option

As at Date = 15 Feb 2003

Trade Details				Utilization	
TDate	Expiry Date	On Ccy	On Amount	Ccy	Amount
15-Feb-03	15-Apr-03	SGD	1,000	SGD	1,000
16-Feb-03	15-Apr-03	SGD	1,000		-
13-Jan-03	15-Feb-03	USD	2,000		-
13-Feb-03	16-Feb-04	GBP	2,000	GBP	2,000

Interest Rate Swap

Utilization Currency Pay Currency

Utilization Amount Pay Currency Notional Principal Amount prevailing at the Date of

determination

Contingent Liability

As at Date = 15 Feb 2003

Trade Details				Utilization	
Start Date	Claim Date	Ccy	Principal	Ccy	Amount
15-Feb-03	15-Feb-03	SGD	1,000		-
16-Feb-03	17-Feb-03	SGD	1,000		-
13-Feb-03	15-Feb-03	USD	2,000		-
13-Feb-03	16-Feb-03	GBP	2,000	GBP	2,000
15-Feb-03	17-Feb-03	SGD	1,000	SGD	1,000

Note

The computation of utilization is based on Start Date and limit releases on Claim Date.

Limit Currency, Utilization Currency may be different. How does the system compute the product available amount?

The system uses the enterprise default currency (EDCcy) is the reference currency. The EDCcy is fixed. (Check with CS Lucas or your administrator if you need to know the enterprise default currency).

To product available amount is computed as follows:

- Compute the limit and sub limit amount to the EDCcy using the last prevailing exchange. (L)
- Compute the sum all the utilization according to the currency and product. Compute the total amount to the EDCcy (UP) by product.
- Compute the Gross Product Available (GPA) = L – UP.
- Compute the Facility availability (FA) across all product.
- The Net Product (NPA) is the lower of GPA and FA.
- Compute the NPA in the available currency using prevailing rate.

The above is illustrated in the following table.

Product	Utilisation			Limit/Sub Limit				Product Availability	
Term Loan		Rate	EDCCY (USD)	Ccy	Amount	Rate	EDCCY (USD)	Gross	Net
	USD 100	1.00	100.00						
	GBP 200	1.20	240.00						
			340.00	GBP	1,000.00	1.20	1,200.00	860.00	749.23
Money Market									
	GBP 400	1.20	480.00						
	SGD 300	1.30	230.77						
			710.77	SGD	1,000.00	1.30	769.23	58.46	58.46
Total			1,050.77	EUR	1,000.00	1.80	1,800.00	749.23	

The product availability can then be expressed in any availability currency by converting it at prevailing rate.

CHANGE HISTORY

Date	By	Changes
30-Aug-2008	CS	Created.
13-Jun-2023	TS	Updated to W6.