

Create Currency Options (W5)

[This version is superseded. Click here to view the latest guide.](#)

PURPOSE

This document shows the detailed procedure of creating currency options.

WHY IS THIS IMPORTANT?

This allows capturing of currency vanilla and knock-in knock-out options transactions in the system.

PROCEDURE

1. From the main menu, select Transaction > Options. The system launches the module.

Options

Acct Cntr* TFS-SG Counterparty Status Type MTM Date 2

TDate Fr dd/mm/yyyy TDate To dd/mm/yyyy Expiry Fr* 22/11/2019 Trade ID Narrative

Refresh New Exercise/Settle Update MTM Delete

Flag	TradeID	Acct Cntr	Ctpy	Type	B/W	Call/Put	On	Amount	Against	Strike	Prem
No records found.											

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2. There are two types of currency options that can be created in the system.

A. Currency Vanilla


B. Currency Knock In/Out

3. The following explains that the detailed steps for creating these two types of transactions.

A. Currency Vanilla

1. From the Options screen, select Currency Vanilla from the Type field.
2. Click New. The following screen displayed.

New Options - Currency Vanilla



Acct Cntr*	<input type="text" value="TFS-SG"/>
TDate*	<input type="text" value="22/11/2019"/>
Exp Date*	<input type="text" value="dd/mm/yyyy"/>
VDate*	<input type="text" value="dd/mm/yyyy"/>
Trade*	<input type="text"/>
Call/Put*	<input type="text"/>
Style*	<input type="text"/>
On Ccy*	<input type="text"/>
Principal*	<input type="text"/>
Against Ccy*	<input type="text" value="SGD"/>
Strike*	<input type="text"/>
Premium*	<input type="text"/>
Volatility*	<input type="text"/>
Facility*	<input type="text" value=""/>
Counterparty*	<input type="text"/>
Portfolio	<input type="text"/>
Transaction Type	<input type="text" value="-"/>
Project	<input type="text" value="-"/>
Our Dealer	<input type="text" value="dev01@12dl2d.com"/>
Ctpy Dealer	<input type="text"/>
Narrative	<div><div></div></div>
Skip Holidays	<input type="checkbox"/>

3. Fill in the mandatory fields marked with an asterisk (*).

4. Acct Cntr would have been defaulted to user default accounting centre. If the default accounting centre is not set, it will be blank. Select the accounting centre from the drop down field.
5. Input the Transaction Date, Expiry Date and Value Date. The value date must be after the expiry date.
6. In the Trade field, select whether to Buy or Sell/Write.
7. In the Call/Put field, select whether the rights being given is to Call or Put.
8. Choose the Style whether European or American.
9. Select the On Ccy.
10. Input the Principal amount.
11. Choose the Against Ccy from the dropdown.
12. Input the rate at which the currencies will be exchanged in the Strike field.
13. Input the upfront cost of purchasing the option in the Premium field.
14. Input the Volatility with a percentage sign. For example, 20%, 10% etc.
15. Click the re-compute button. Choose the Facility from the dropdown. The Counterparty will be populated.
16. Fields such as Portfolio, Transaction Type, Project, Ctpy Dealer and Narrative are not optional. You may input when necessary.

New Options - Currency Vanilla

Acct Cntr*	TFS-SG	▼
TDate*	08/06/2016	
Exp Date*	08/11/2016	
VDate*	10/11/2016	
Trade*	Buy	▼
Call/Put*	Call	▼
Style*	European	▼
On Ccy*	USD	▼
Principal*	1,000,000.00	
Against Ccy*	SGD	▼
Strike*	1.400000	
Premium*	50.00	
Volatility*	15.000000%	
Facility*	TFS <-> DBS-SG	▼
Counterparty*	DBS-SG	
Portfolio	▼	
Transaction Type	-	▼
Project	▼	
Our Dealer	dev01@12dl2d.com	▼
Ctpy Dealer		
Narrative	<div></div> <div>...</div>	
Skip Holidays	<input type="checkbox"/>	

17. When completed, click Book. You will be returned to the Options main screen.

18. To view the trades created, inquire by filtering the fields on the top of the transaction listing accordingly. Acct

Cntr and Expiry From fields are mandatory. Then, click Refresh.

Options

Acct Cntr*

TFS-SG

Counterparty

Status

Type

Currency Vanilla

MTM Date

04/01/2017

TDate Fr

dd/mm/yyyy

TDate To

dd/mm/yyyy

Expiry Fr*

01/01/2016

Trade ID

Narrative


Refresh


New


Exercise/Settle



Update MTM

Delete







	Flag	TradeID	Acct Cntr	Ctpy	Type	B/W	Call/Put	On	Amount	Against	Strike	Premium	Exp Date
<input type="checkbox"/>	 	CPT100001.00	TFS-SG	DBS-SG	V	B	C	USD	1,000,000.00	SGD	1.400000	50.00	8 Nov 2016

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B. Currency Knock In/Out

1. From the Options screen, select Currency Knock In/Out from the Type field.
2. Click New. The following screen displayed.

New Options - Knock In/Out

←
Book

Acct Cntr*	TFS-SG	▼
TDate*	22/11/2019	
Exp Date*	dd/mm/yyyy	
VDate*	dd/mm/yyyy	
Trade*		▼
In/Out*		▼
Call/Put*		▼
Style*		▼
On Ccy*		▼
Principal*		
Against Ccy*	SGD	▼
Strike*		
Level*		
Premium*		
Volatility*		
Facility*		▼ 
Counterparty*		
Portfolio		▼
Transaction Type	-	▼
Project	-	▼
Our Dealer	dev01@12dl2d.com	▼
Ctpy Dealer		
Narrative	<div></div> <div>...</div>	
Skip Holidays	<input type="checkbox"/>	

3. Fill in the mandatory fields marked with an asterisk (*).
4. Acct Cntr would have been defaulted to user default

accounting centre. If the default accounting centre is not set, it will be blank. Select the accounting centre from the drop down field.

5. Input the Transaction Date, Expiry Date and Value Date. The value date must be after the expiry date.

6. In the Trade field, select whether to Buy or Sell/Write.

7. In the In/Out field, select whether to knock in or knock out.

8. In the Call/Put field, select whether the rights being given is to Call or Put.

9. Choose the Style whether European or American.

10. Select the On Ccy.

11. Input the Principal amount.

12. Choose the Against Ccy from the dropdown.

13. Input the rate at which the currencies will be exchanged in the Strike field.

14. Input the price level. This sets a cap to the level an option can reach.

15. Input the upfront cost of purchasing the option in the Premium field.

16. Input the Volatility with a percentage sign. For example, 20%, 10% etc.

17. Click the re-compute button. Choose the Facility from the dropdown. The Counterparty will be populated.

18. Fields such as Portfolio, Transaction Type, Project, Ctpy Dealer and Narrative are not optional. You may input when necessary.

New Options - Knock In/Out

	Book
Acct Cntr*	TFS-SG
TDate*	08/06/2016
Exp Date*	08/11/2016
VDate*	10/11/2016
Trade*	Buy
In/Out*	Knock In
Call/Put*	Call
Style*	European
On Ccy*	USD
Principal*	1,000,000.00
Against Ccy*	SGD
Strike*	1.400000
Level*	1.600000
Premium*	45.00
Volatility*	13.000000%
Facility*	TFS <-> DBS-SG
Counterparty*	DBS-SG
Portfolio	
Transaction Type	-
Project	-
Our Dealer	dev01@12dl2d.com
Ctpy Dealer	
Narrative	
Skip Holidays	<input type="checkbox"/>

19. When completed, click Book. You will be returned to the Options main screen.

20. To view the trades created, inquire by filtering the fields on the top of the transaction listing accordingly. Acct Cntr and Expiry From fields are mandatory. Then, click Refresh.

Options

Acct Cntr* Counterparty Status Type MTM Date

TDate Fr TDate To Expiry Fr* Trade ID Narrative

	Flag	TradeID	Acct Cntr	Ctpy	Type	B/W	Call/Put	On	Amount	Against	Strike	Premium	Exp Date
<input type="checkbox"/>		<u>CPT100002.00</u>	TFS-SG	DBS-SG	K IN: 1.600000	B	C	USD	1,000,000.00	SGD	1.400000	45.00	8 Nov 2016

FREQUENTLY ASKED QUESTIONS

RELATED INFORMATION

[Amend Currency Options](#)

[Exercise/ Settle Currency Options](#)

[Currency Options – Update MTM](#)

CHANGE HISTORY

Date	By	Changes
15-Feb-2008	-	Created
27-Apr-2016	Clarissa	Rewritten. Reformatted.
22-Nov-2019	Lyra	Updated Screenshots.