Create Currency Options

[See previous W5 version guide]

PURPOSE

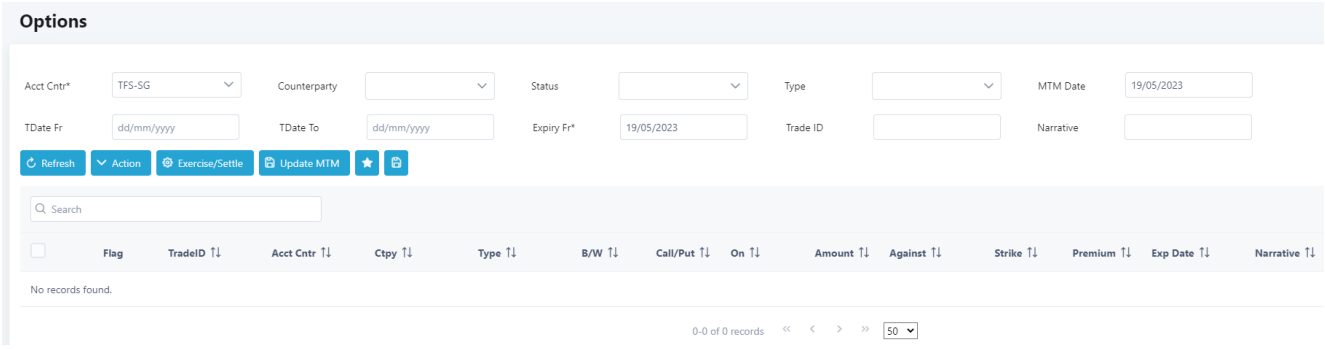
This document shows the detailed procedure of creating currency options.

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.



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

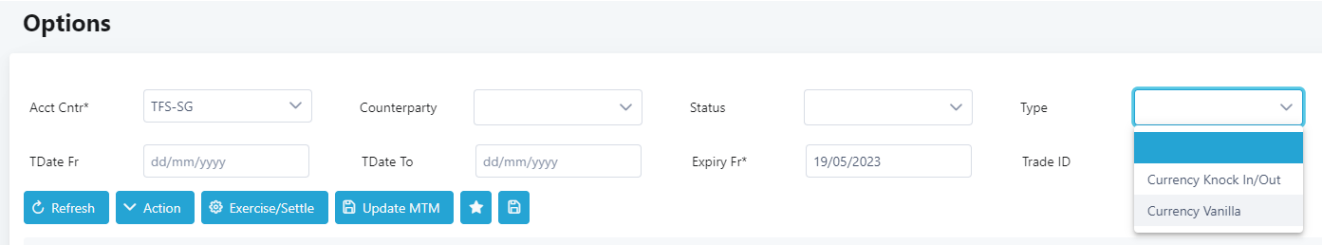
   A. Currency Vanilla

   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 on Action and select New. The following screen displayed.

New Options - Currency Vanilla

Cancel | Book

Acct Cntr*	TFS-SG
TDate*	19/05/2023
Exp Date*	dd/mm/yyyy
VDate*	dd/mm/yyyy
Trade*	
Call/Put*	
Style*	
On Ccy*	
Principal*	
Against Ccy*	SGD
Strike*	
Premium*	
Volatility*	
Facility*	
Counterparty*	
Portfolio	
Transaction Type	-
Project	-
Our Dealer	admin@devent1.com
Ctpy Dealer	
Narrative	
Skip Holidays	

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.

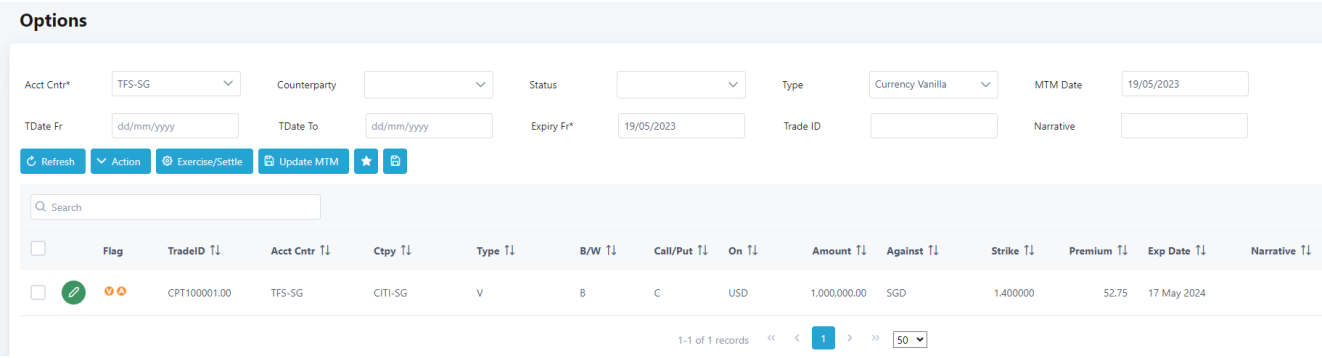
New Options - Currency Vanilla

Cancel | Book

Acct Cntr*	TFS-SG
TDate*	19/05/2023
Exp Date*	17/05/2024
VDate*	20/05/2024
Trade*	Buy
Call/Put*	Call
Style*	European
On Ccy*	USD
Principal*	1,000,000.00
Against Ccy*	SGD
Strike*	1.400000
Premium*	52.75
Volatility*	12.000000%
Facility*	TFS - CITI-SG:COP
Counterparty*	CITI-SG
Portfolio	
Transaction Type	-
Project	-
Our Dealer	admin@devent1.com
Ctpy Dealer	
Narrative	
Skip Holidays	

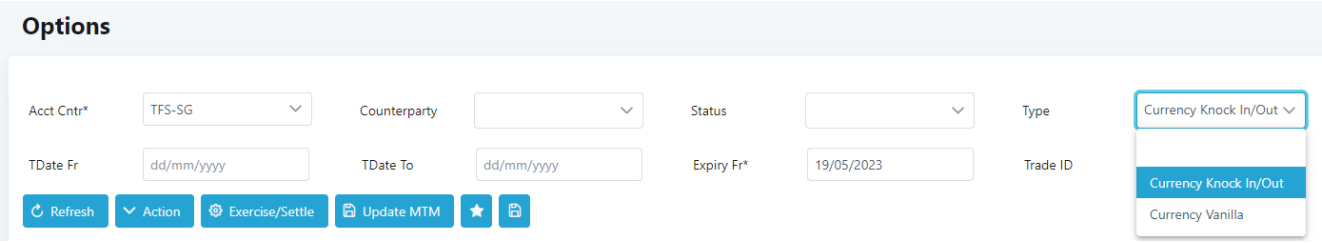
17. When completed, click Book. You will be returned to the Options main screen.

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.



B. Currency Knock In/Out

1. From the Options screen, select Currency Knock In/Out from the Type field.



2. Click on Action and select New. The following screen displayed.

New Options - Knock In/Out

Cancel | Book

Acct Cntr*	TFS-SG
TDate*	19/05/2023
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	admin@devent1.com
Ctpy Dealer	
Narrative	
Skip Holidays	

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.

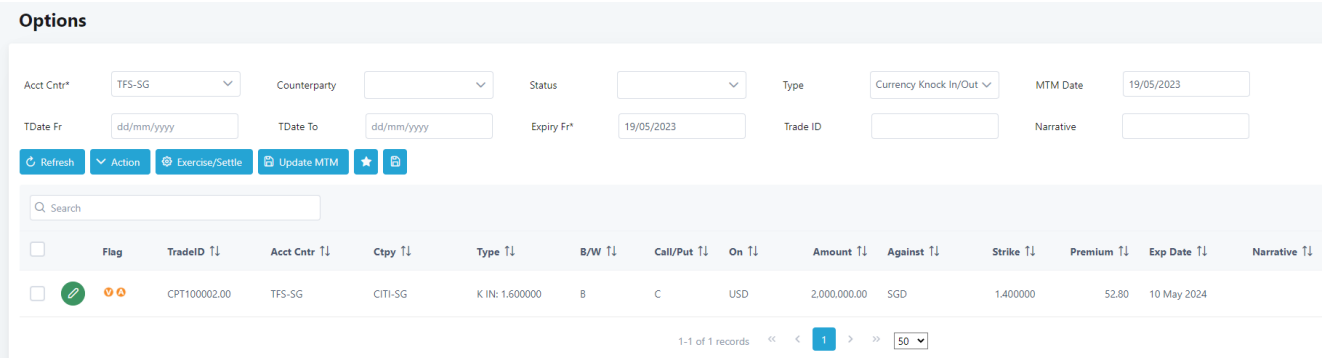
New Options - Knock In/Out

Cancel | Book

Acct Cntr*	TFS-SG
TDate*	19/05/2023
Exp Date*	10/05/2024
VDate*	17/05/2024
Trade*	Buy
In/Out*	Knock In
Call/Put*	Call
Style*	European
On Ccy*	USD
Principal*	2,000,000.00
Against Ccy*	SGD
Strike*	1.400000
Level*	1.600000
Premium*	52.80
Volatility*	13.000000%
Facility*	TFS - CITI-SG:COP
Counterparty*	CITI-SG
Portfolio	
Transaction Type	-
Project	-
Our Dealer	admin@devent1.com
Ctpy Dealer	
Narrative	
Skip Holidays	

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.



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.
19-May-2023	TS	Updated to W6 instructions and screenshots.