

Create Interest Rate Swap (W5)

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PURPOSE

This document describes how to create interest rate swap in CS Lucas system.

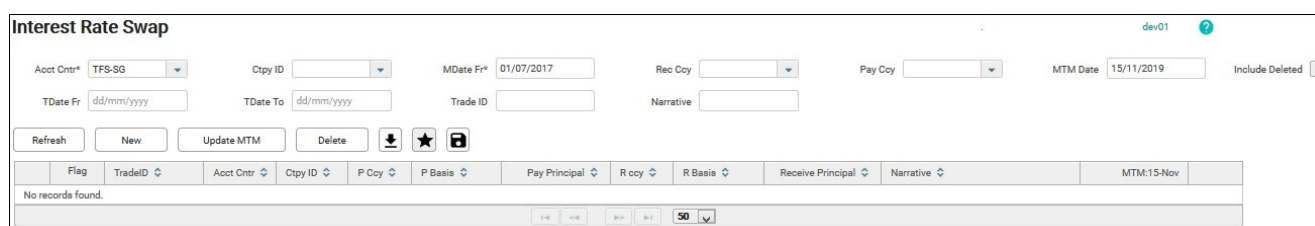
WHY IS THIS IMPORTANT?

Allows booking of interest rate swap/ cross currency rate swap trade with front, back, front and back and front and back with interim principal exchanges.

PROCEDURE



1. Select Transaction > Interest Rate Swap. The launch screen is displayed.

The screenshot shows the 'Interest Rate Swap' launch screen in the CS Lucas system. At the top, it says 'dev01' with a help icon. Below this are several input fields: 'Acct Cntr*' (dropdown with 'TFS-SG'), 'Cpty ID' (dropdown), 'MDate Fr*' (text box with '01/07/2017'), 'Rec Coy' (dropdown), 'Pay Coy' (dropdown), 'MTM Date' (text box with '15/11/2019'), and 'Include Deleted' (checkbox). Below these are 'TDate Fr' and 'TDate To' (both text boxes with 'dd/mm/yyyy'), 'Trade ID' (text box), and 'Narrative' (text box). A row of buttons includes 'Refresh', 'New', 'Update MTM', 'Delete', a download icon, a star icon, and a lock icon. Below the buttons is a table with columns: 'Flag', 'TradeID', 'Acct Cntr', 'Cpty ID', 'P Coy', 'P Basis', 'Pay Principal', 'R Coy', 'R Basis', 'Receive Principal', 'Narrative', and 'MTM:15-Nov'. The table currently shows 'No records found.' At the bottom, there are pagination controls showing '1-0', '<-6', '3-5', '3-1', and a dropdown menu set to '50'.

2. Click New. The New Interest Rate Swap screen with default values is displayed.

New Interest Rate Swap



Acct Cntr*


TDate*

SDate*

MDate*

Structure*

First Coupon

	Pay	Receive
Ccy*	<input type="text" value="SGD"/>	<input type="text" value="SGD"/>
Principal*	<input type="text"/>	<input type="text"/>
Basis*	<input type="text"/>	<input type="text"/>
Margin(%)*	<input type="text" value="0.000000"/>	<input type="text" value="0.000000"/>
Rate Current(%)*	<input type="text"/>	<input type="text"/>
Pay Frequency*	<input type="text" value="Semi-Annual"/>	<input type="text" value="Semi-Annual"/>
Day Convention*	<input type="text" value="No Adjustment"/>	<input type="text" value="No Adjustment"/>
Settle Convention*	<input type="text" value="No Adjustment"/>	<input type="text" value="No Adjustment"/>
Reset Convention*	<input type="text" value="No Adjustment"/>	<input type="text" value="No Adjustment"/>
Reset Days*	<input type="text" value="0"/>	<input type="text" value="0"/>
Accruals	<input type="text"/>	<input type="text"/>
Facility*	<input type="text"/>	

Ctpy ID*

Portfolio

Transaction Type

Project

Our Dealer

Ctpy Dealer

Narrative

3. Fill in the mandatory fields characterized by asterisk (*).
4. Accounting centre would have been defaulted to the user's default accounting centre. If not, it will be left blank. Choose the proper Accounting Centre.
5. Enter the Transaction Date (TDate), Start Date (SDate), and Maturity Date (MDate). The TDate and SDate are defaulted to the system date. You may change it to an earlier date. TDate cannot be a future date. SDate must be on or after the TDate. MDate must after the SDate.
6. Choose the Structure from the dropdown.

Structure	Remarks
Back Only	Exchanges of principal at the maturity date only.
Ccy Loan Swap	Exchanges of principal at the start, in between and on maturity date.
Front Only	Exchanges of principal at the start date only.
Front and Back	Exchanges of principal at the start and maturity date.
Notional	No exchanges of principal.

7. First coupon is to determine the first interest settlement date of the IRS schedule. Subsequent interest settlement dates will be computed from this date. For example, if the first coupon is set to 14-Jun-2016 and the settlement of interest is every 6 months, the next interest settlement will be 6 months from 14-Jun-2016. If this field is left blank, the first interest settlement date will be computed from the start date of the interest rate swap.
8. Select Currency (Ccy) for the Pay and Receive legs.
9. Key in the Principal amount.
10. Choose Basis from the dropdown. This is a user-definable field. To set up float basis, click [here](#).
11. Input Margin percentage, and the current interest rate. Margin is defaulted to 0. If there is no margin, leave it as default. Margin is for information only.
12. Choose the Pay frequency.
13. Select Day Convention, Settle Convention, and Reset Convention. This is to tell the system how you wish to adjust the IRS interest settlement dates when they fall on non-business dates. For more explanations of the convention settings,

see [Day Convention for Dates Generation](#).

Field	Description
Day Convention	This setting adjusts the End Date when the End Date falls on a non-business day. End date is used for interest computation.
Settle Convention	This setting adjusts the VDate when the VDate falls on a non-business day. VDate is the settlement date.
Reset Convention	This setting adjusts the Reset Date when the Reset Date falls on a non-business day. Reset Date is the date when the interest rate is reset.

14. Input Reset Days. For example, if it is 2 days before the interest settlement date, input 2 for the reset days. This is for information only.

15. Leave the Accruals field blank. They will follow the accruals convention in the Currency set up. You may choose to use another accruals convention by selecting from the field here. For more explanations of accruals convention, see [Accrual Methods Definition](#).

16. Click Refresh Button next to the Facility field, and the facility or facilities will show up in a dropdown. Select one. The Ctpy ID will be auto-populated. At the same time, the system calculates the available facility limit and the percentage available.

17. At this point, the transaction can already be booked. However, other fields that are optional can be filled out as necessary.

New Interest Rate Swap

	Book	Import
Acct Cntr*	TFS-SG	
TDate*	14/03/2016	
SDate*	14/03/2016	
MDate*	14/03/2016	
Structure*	Notional	
First Coupon	dd/mm/yyyy	
	Pay	Receive
Ccy*	SGD	SGD
Principal*	10,000,000.00	10,000,000.00
Basis*	-FIXED-	Sibor 6 mth
Margin(%)*	0.000000	0.000000
Rate Current(%)*	4.000000	2.800000
Pay Frequency*	Semi-Annual	Semi-Annual
Day Convention*	Next Business Day	Next Business Day
Settle Convention*	Next Business Day	Next Business Day
Reset Convention*	No Adjustment	No Adjustment
Reset Days*	0	0
Accruals		
Facility*	TFS - DBS-SG:IRS	Available:SGD 20.00m (100.0%)
Ctpy ID*	DBS-SG	
Portfolio		
Transaction Type	-	
Project	-	
Our Dealer	dev01@12dl2d.com	
Ctpy Dealer		
Narrative		
Skip Holidays	<input type="checkbox"/>	

18. When completed, click Book. The new transaction will be displayed on the launch screen.

Interest Rate Swap

Acct Cntr* TFS-SG Ctpy ID MDate Fr* 01/01/2010 Rec Coy Pay Coy MTM Date 15/11/2019 Inc

TDate Fr dd/mm/yyyy TDate To dd/mm/yyyy Trade ID Narrative

Refresh New Update MTM Delete

	Flag	TradeID	Acct Cntr	Ctpy ID	P Coy	P Basis	Pay Principal	R coy	R Basis	Receive Principal	Narrative	MTM:15-Nov	
<input type="checkbox"/>	✓	IRS100001.00	TFS-SG	DBS-SG	SGD	Libor 3 mth	10,000,000.00	SGD	Libor 3 mth	10,000,000.00			MTM
<input type="checkbox"/>	✓	IRS100002.00	TFS-SG	DBS-SG	USD	Libor 3 mth	40,000,000.00	USD	Libor 3 mth	40,000,000.00			MTM
<input type="checkbox"/>	✓	IRS100003.00	TFS-SG	DBS-SG	USD	Libor 3 mth	30,000,000.00	USD	Libor 3 mth	30,000,000.00			MTM
<input type="checkbox"/>	✓	IRS100004.00	TFS-SG	DBS-SG	USD	Libor 3 mth	10,000,000.00	USD	Libor 3 mth	10,000,000.00			MTM
<input type="checkbox"/>	✓	IRS100005.00	TFS-SG	DBS-SG	SGD	-FIXED-	1,420,000.00	USD	Libor 3 mth	1,000,000.00			MTM
<input type="checkbox"/>	✗	IRS100006.00	TFS-SG	DBS-SG	SGD	-FIXED-	10,000,000.00	SGD	Sibor 6 mth	10,000,000.00			MTM

1 50

FREQUENTLY ASKED QUESTIONS

FAQ01. How do I key a cross currency swap?

A cross currency swap transaction can be keyed in under Interest Rate Swap. You can select a different currency for the Pay and Receive legs of the trade.

FAQ02. How to maintain the structure of an IRS booked as a currency loan swap?

See user guide on [Currency Loan Swap](#).

RELATED INFORMATION

[Maintain Interest Rate Swap](#)

[Update MTM IRS](#)

CHANGE HISTORY

Date	By	Changes
15-Feb-2008	-	Created
28-Jul-2015	CS	Included section for FAQ
10-Mar-2016	Clarissa	Rewritten. Reformatted.
12-Jun-2016	Douglas	Proofread.
6-Nov-2017	TS	Included Ccy Loan Swap structure type, see #6 and FAQ02.
15-Nov-2019	Lyra	Updated Screenshots.