Create Interest Rate Swap

[See previous W5 version guide](#)

PURPOSE

This document describes how to create interest rate swap in CS Lucas system.
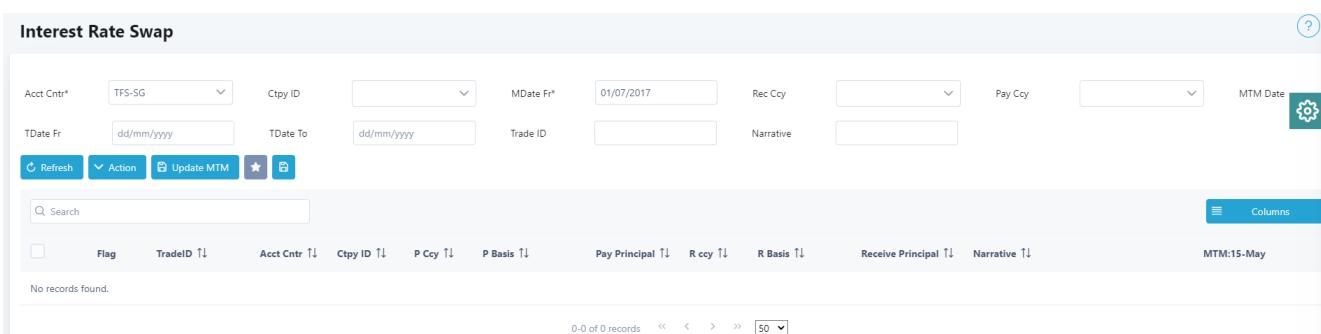
WHY IS THIS IMPORTANT?

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.

2. Click on Action and select New. The New Interest Rate Swap screen with default values is displayed.

New Interest Rate Swap

[X Cancel] [🖫 Book] [⬇ Import]

Acct Cntr*	TFS-SG ▾
TDate*	15/05/2023
SDate*	15/05/2023
MDate*	dd/mm/yyyy
Structure*	Notional ▾
First Coupon	dd/mm/yyyy

	Pay	Receive
Ccy*	SGD ▾	SGD ▾
Principal*		
Basis*	▾	▾
Margin(%)*	0.000000	0.000000
Rate Current(%)*		
Pay Frequency*	Semi-Annual ▾	Semi-Annual ▾
Day Convention*	No Adjustment ▾	No Adjustment ▾
Settle Convention*	No Adjustment ▾	No Adjustment ▾
Reset Convention*	No Adjustment ▾	No Adjustment ▾
Reset Days*	0	0
Accruals	▾	▾
Facility*	▾ [↻]	
Ctpy ID*		
Portfolio	▾	
Transaction Type	- ▾	
Project	- ▾	
Our Dealer	admin@devent1.com ▾	
Ctpy Dealer		
Narrative		
Skip Holidays	☐	

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

[X Cancel] [💾 Book] [⬇ Import]

Acct Cntr*	TFS-SG ▾
TDate*	15/05/2023
SDate*	15/05/2023
MDate*	15/05/2025
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	admin@devent1.com ▾
Ctpy Dealer	
Narrative	
Skip Holidays	☐

18. When completed, click Book.

19. At the prompt. click Yes to confirm.

20. On the Interest Rate Swap screen, select the accounting centre and maturity date from accordingly and click on Refresh. The new transaction will be displayed.

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 step #6 and FAQ02.
15-Nov-2019	Lyra	Updated screenshots.
15-May-2023	TS	Updated to W6 instructions and screenshots.