Create Term Loan

See previous W5 version guide

PURPOSE

This document explains how to create a new term loan transaction.

PROCEDURE



1. From the main menu, select Transaction > Term Loan. Click on Action and select New. The New Term Loan screen is displayed.

New Term Loan

Cancel | Book | Import | Settle'm Bank | Check Compliance

Transaction*	
Accounting Centre*	TFS-SG
TDate*	02/05/2023
Vdate*	02/05/2023
Mdate*	dd/mm/yyyy
First Coupon	dd/mm/yyyy
Ccy*	SGD
Principal*	
Reset/Fix Rate*	
Cap Rate	
Floor Rate	
Float Basis*	
Margin(%)*	0.000000
Facility*	
Counterparty ID	
Portfolio	
Show Advance	

2. Fill out the mandatory fields. These have the asterisk (*) next to the name.

3. Select the Transaction to borrow or lend. In this example, we will book a Borrow transaction.

4. Accounting centre would have been defaulted to the user's accounting centre. If not, it would be left blank. Choose the proper Accounting Centre.

5. Fill in the Transaction Date (TDate), Value Date (VDate), and Maturity Date (MDate). The TDate and VDate are defaulted to the system date. You may change it to an earlier date. TDate cannot be a future date. VDate must be on or after the TDate. MDate must be after the VDate.

6. You can choose to input the first interest repayment date by filling in the First Coupon field. The system will book the first interest repayment to this date, and subsequent repayment dates will be computed from this date. For example, if the first coupon is set to 15-Feb-2016 and interest is repaid every month, the next interest repayment date will be one month from 15-Feb-2016. This field is optional. If this is left blank, the first interest repayment date is computed from the VDate of the loan. For example, since the loan's VDate (start date) is on 5-Feb-2016 and interest is repaid every month, the first interest repayment date is one month from 5-Feb-2016.

7. Choose the currency in the Ccy field.

8. Fill in the principal amount.

9. Input the interest rate in the Reset/Fix rate field. The rate inputted is the All-in-Rate.

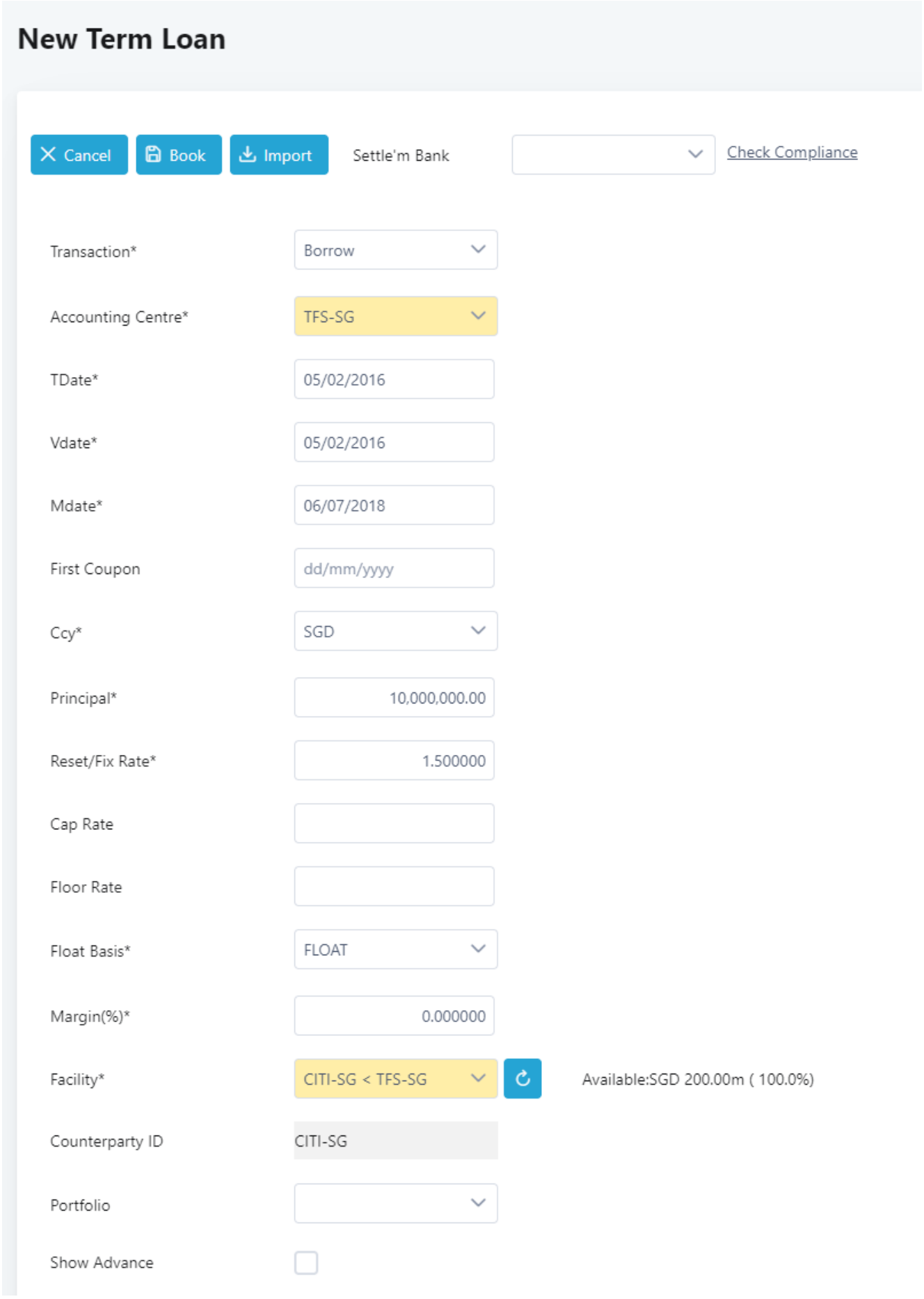
10. Choose the Float Basis. In this example, FLOAT is chosen. This is a user-definable field; to set it up, click here.

11. Input the Margin. Default is 0. This is for information only.

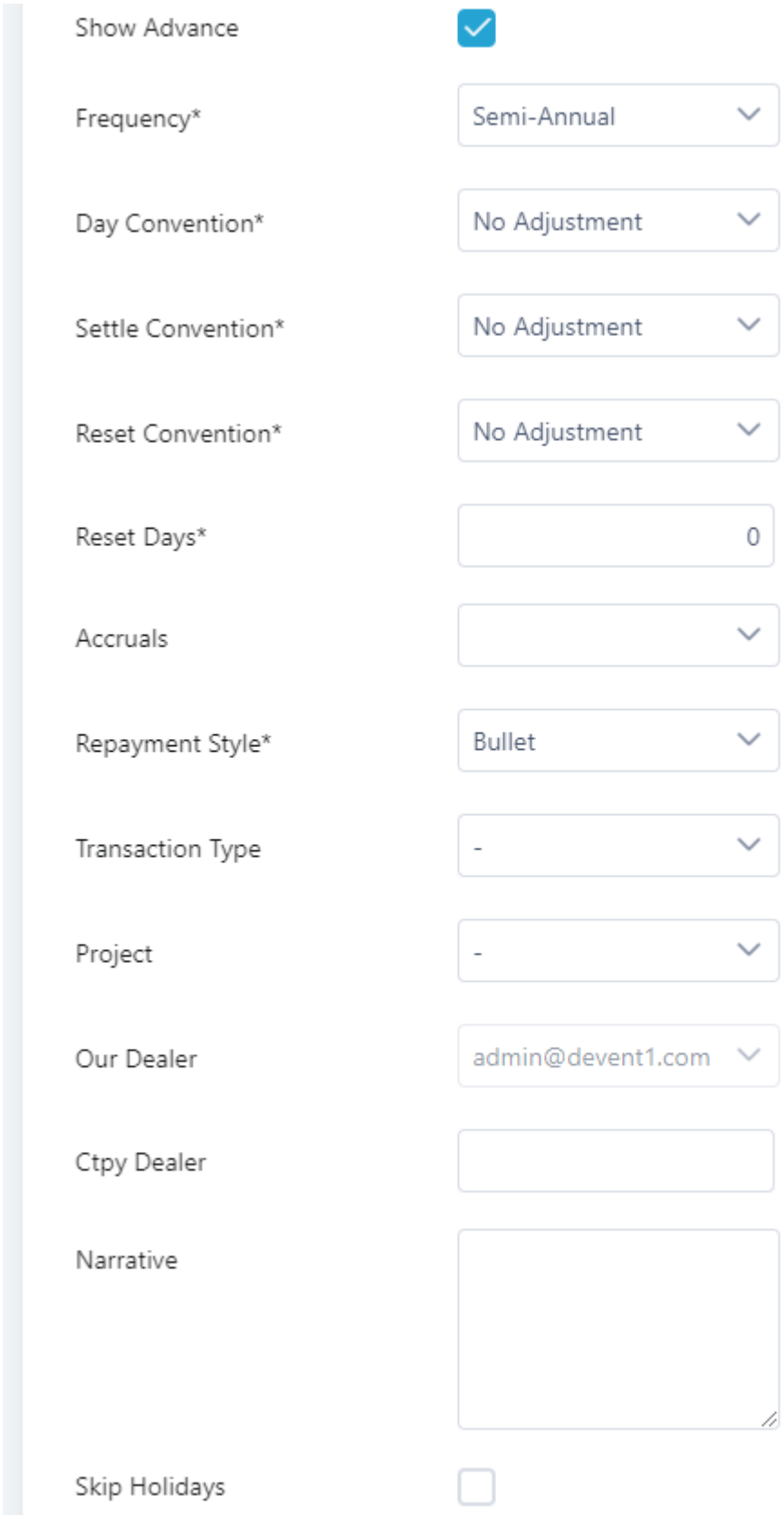
12. Click on the Refresh Button next to the Facility field. This will populate the facility in the dropdown list.

13. Select the Facility. In this example, CITI-SG < TFS-SG will be selected. Once chosen, the Counterparty ID will be filled. At the same time, the system calculates

the available facility limit and the percentage.



14. To on Show Advance checkbox to continue.



15. Fill in or change the settings for the additional fields as required. Those with an asterisk (*) are mandatory.

16. Choose the repayment frequency for the term loan. You can choose to repay semi-annually, quarterly, annually, etc., from the Frequency field dropdown.

17. Set the Day and Settle Convention to tell the system how you wish to adjust the repayment schedule dates when they fall on a non-business day. For more explanations on 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.

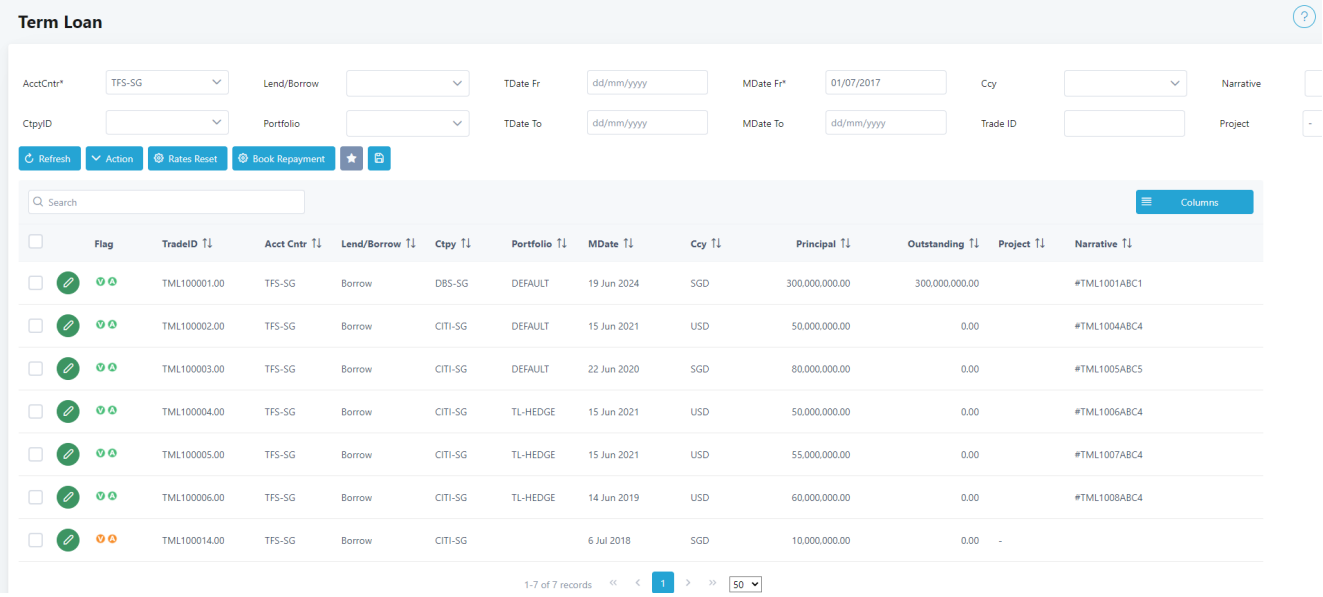
Note that VDate (start date), First Coupon date and Maturity date will not be adjusted.

18. Left blank, the Accruals field will follow the accruals convention in the Currency set up. You may choose to use another accruals convention here. For more explanations on accruals conventions, see Accrual Methods Definition.

19. Select the repayment style whether is bullet repayment or regular principal basis. For bullet repayment, interest is repaid periodically and principal is repaid on maturity. With the regular principal basis, the size of the principal payment is the same for every payment. It is computed by dividing the amount of the original loan by the number of payments. Interest is computed on the amount of the unpaid balance of the loan at each payment period.

20. Click Book to complete the transaction.

21. The Term Loan screen will display the newly entered term loan transaction.



Note: Principal and Outstanding column shown in the table listing above is the principal and outstanding balance as at the system date. If a new term loan's VDate is after the system date, principal will show as 0.

FREQUENTLY ASKED QUESTIONS

FAQ01. I cannot create a new term loan transaction.

> Authorization is needed to create a new term loan. Contact your administrator to grant you rights 12011 Create New Term Loan (basic) and 12016 Create New Term Loan (advance).

RELATED INFORMATION

Amend Term Loan and Repayments

CHANGE HISTORY

Date	By	Changes
15-Feb-2008	-	Created.
28-Jul-2015	CS	Included section for FAQ.
22-Feb-2016	Clarissa	Rewritten. Reformatted.
14-Jun-2016	Douglas	Proofread.
10-Jan-2018	Anuja	Added note after step 21.
19-Nov-2019	Lyra	Updated screenshots.
2-May-2023	TS	Updated to W6 instructions and screenshots.