Creating Structured Deals

See previous W5 version guide

PURPOSE

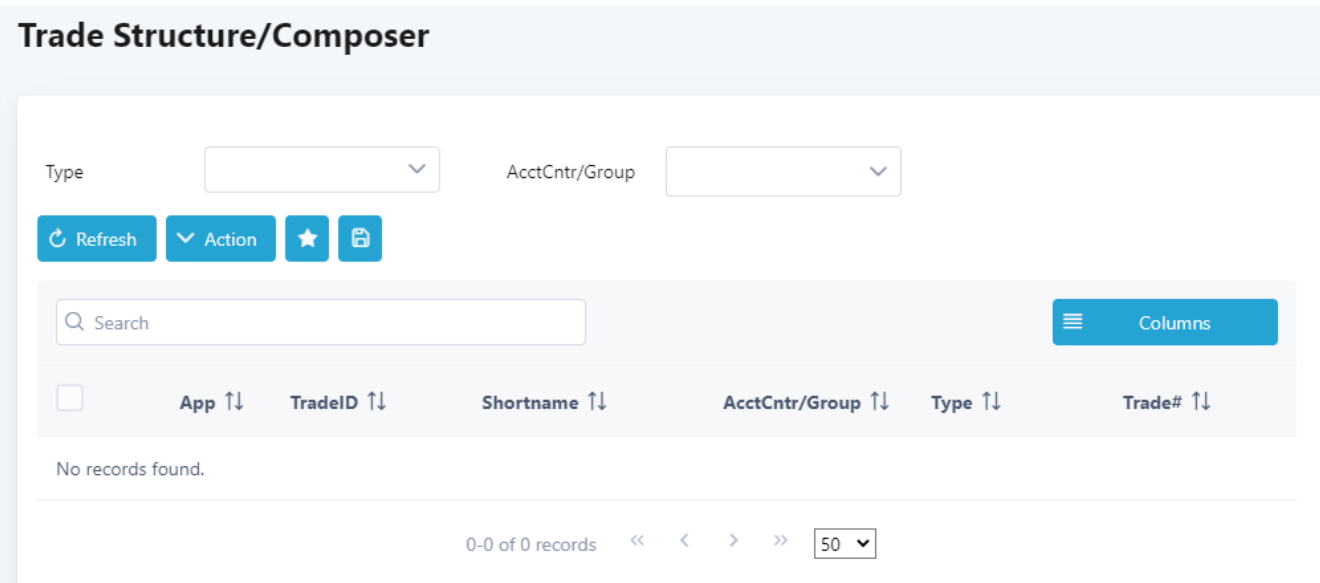
This document shows how to structure or group trades in the CS Lucas system.

WHY IS THIS IMPORTANT?

This allows trades to be grouped/ linked for the purpose of reporting. One typical example is to link Interest Rate Swap trades that hedged with floating Term Loan trades.

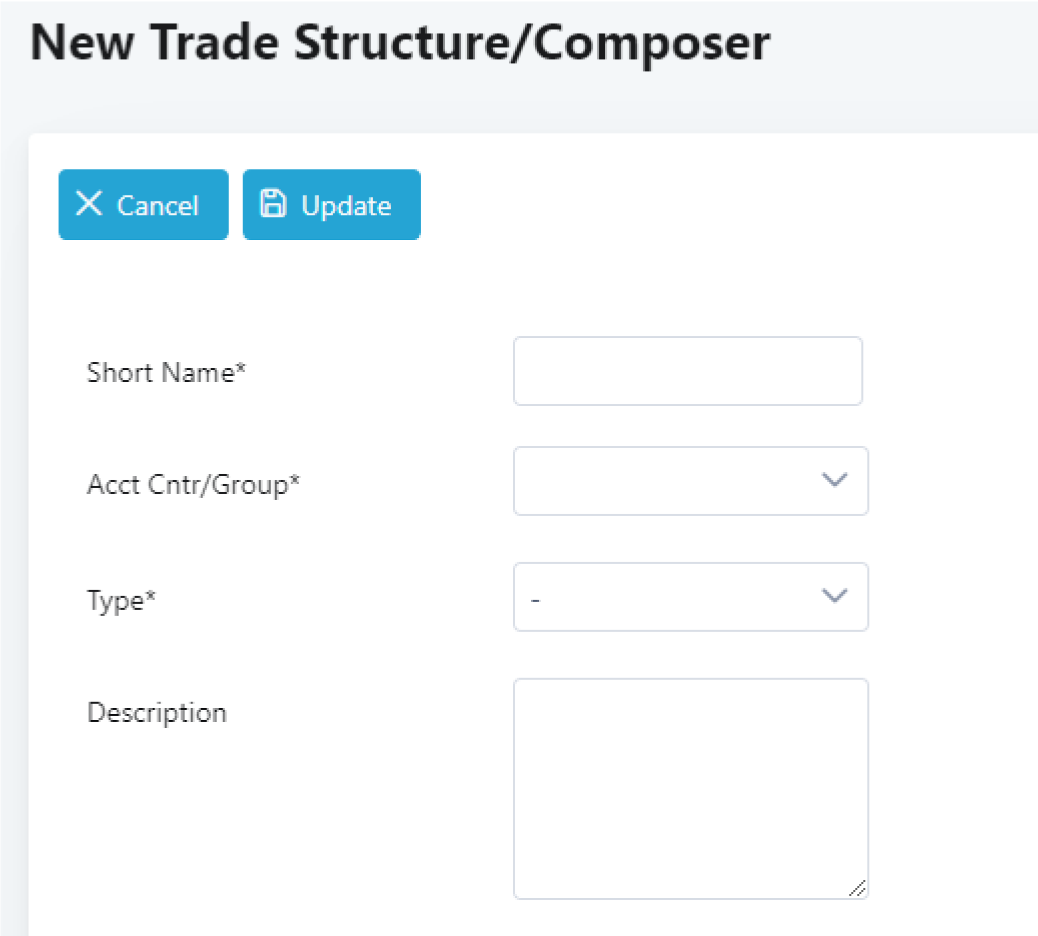
PROCEDURE

1. From the main menu, select Transaction > Structured Deals.



2. To create new trade structure, click on Action and select New. The screen

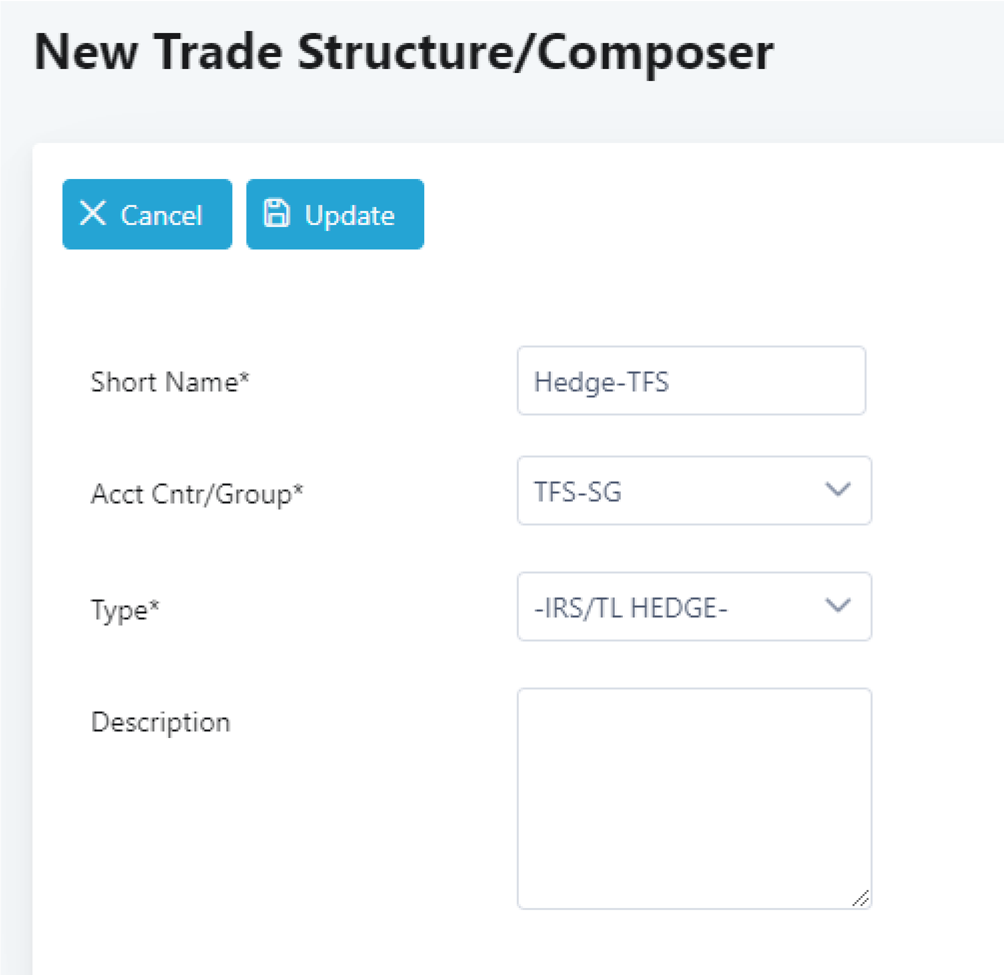
below will be displayed.



3. Fill out the mandatory fields. Enter a short name for the new trade structure.

4. Select the Accounting Centre or the Accounting Centre group of the trade structure.

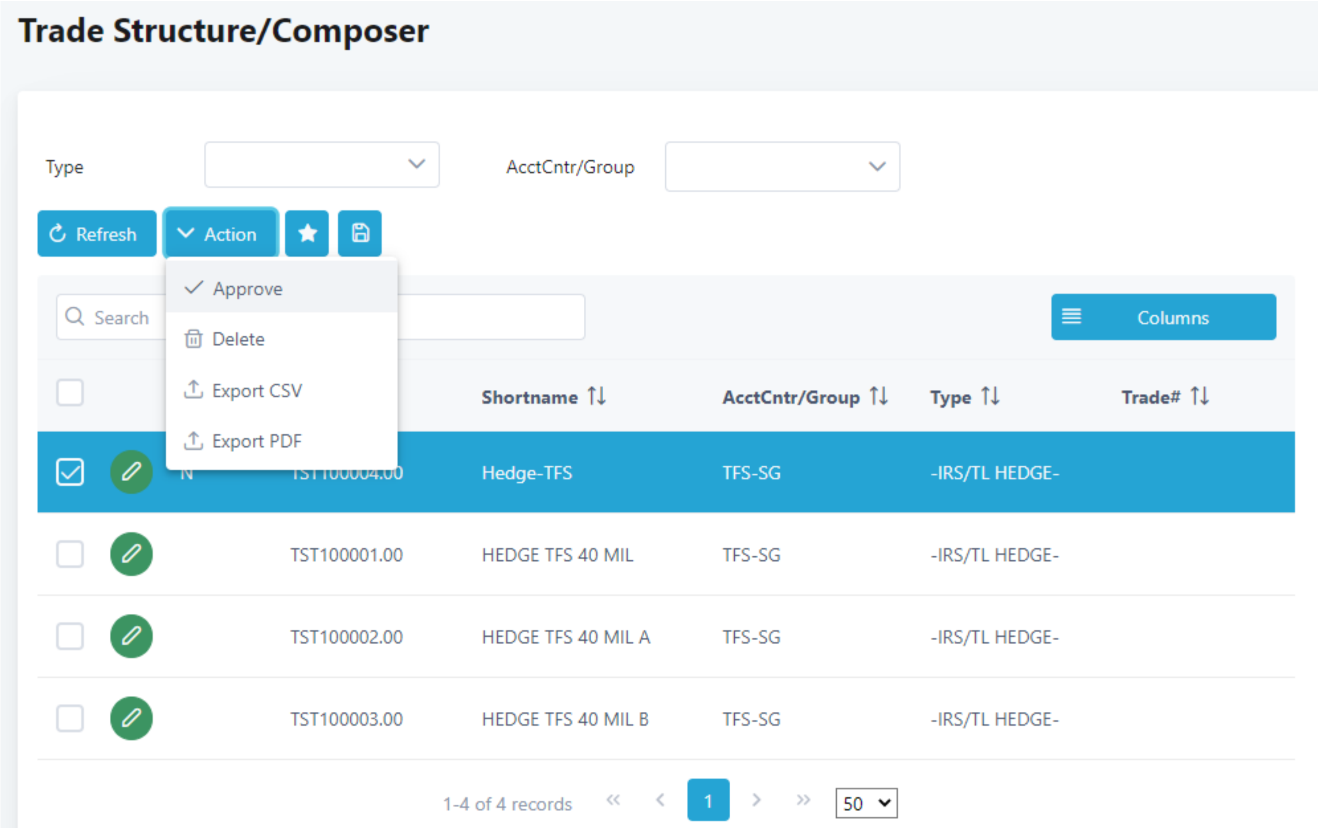
5. Select the Type as “-IRS/TL HEDGE-“ for grouping Interest Rate Swap and Term Loan hedging trades.



6. Enter the description if any. This is optional.

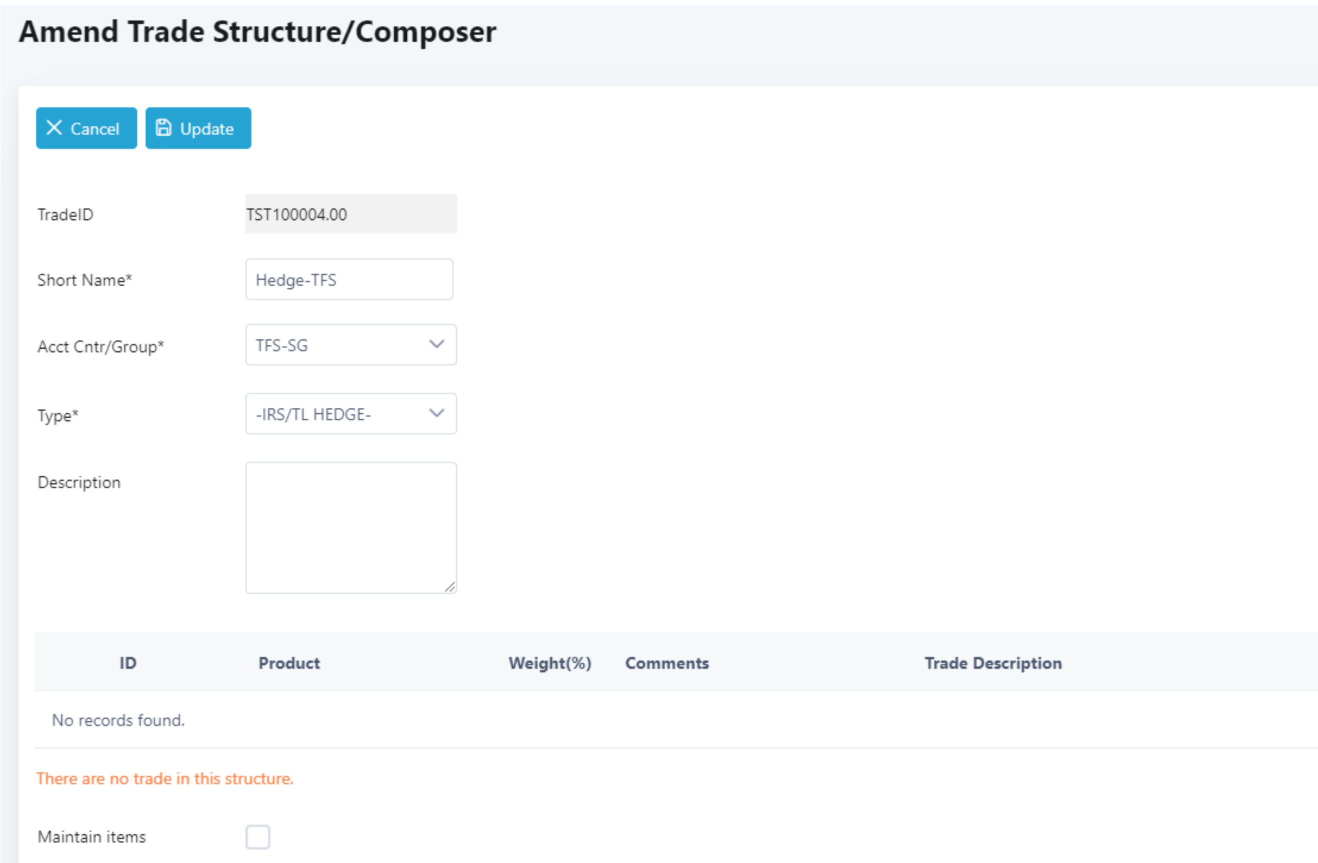
7. Click Update. The Trade Structure/Composer main screen will show the newly created trade structure in the listing. The newly created trade structure will show with an N.

8. Tick on the checkbox of the newly created trade structure.

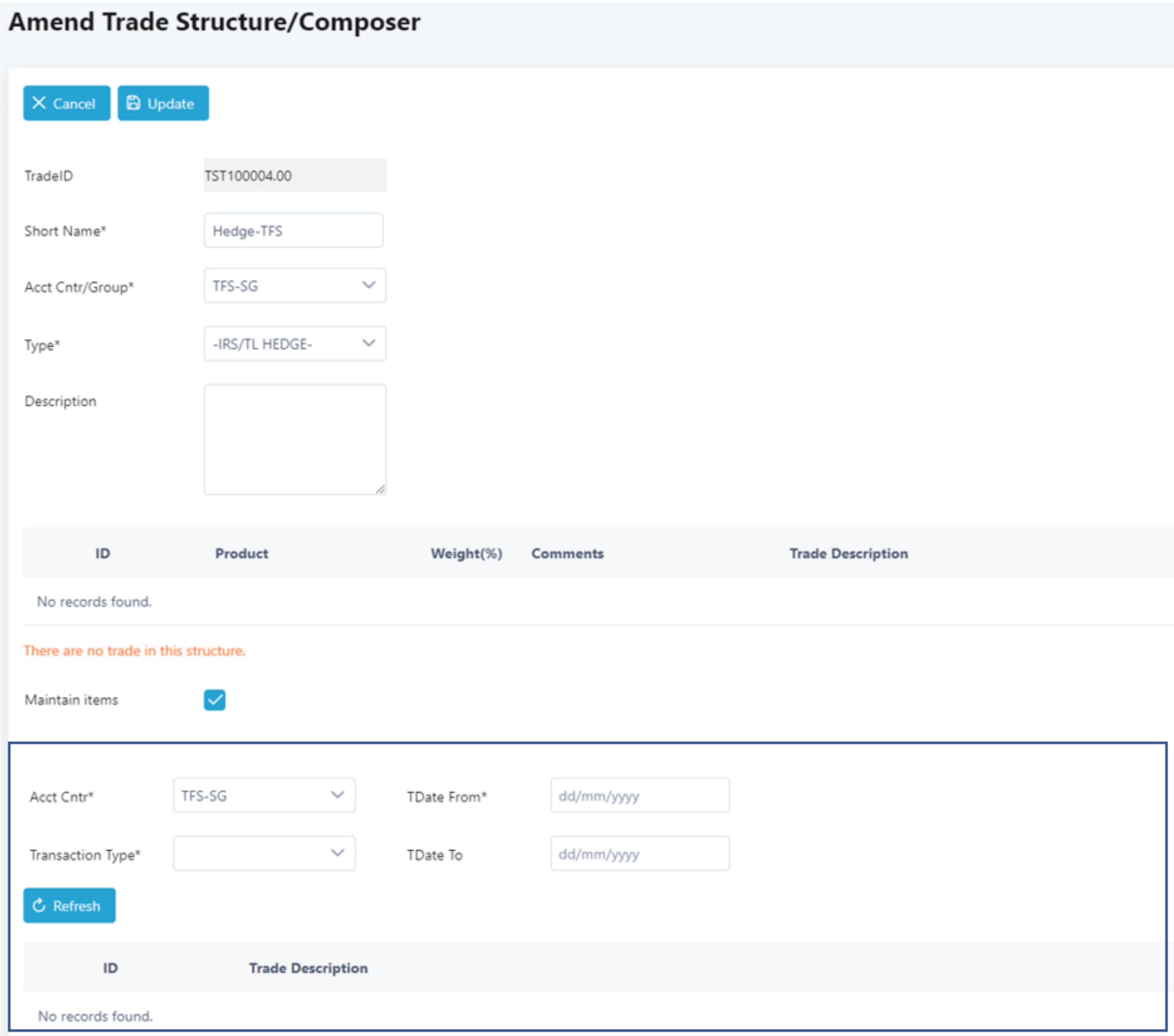


9. Click on Action and Approve.

10. Once the trade structure created, click on the Trade ID to drill down to Amend Trade Structure/ Composer screen.

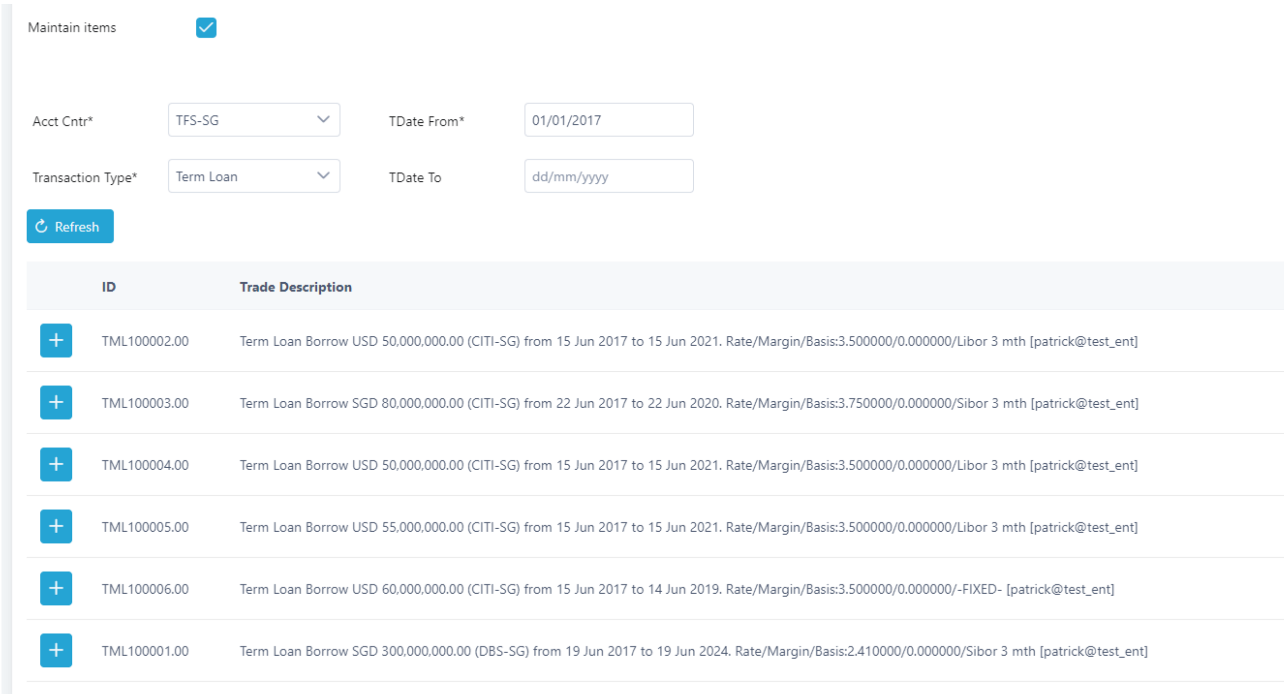


11. Tick on the Maintain items checkbox to group/ link trades. More fields will be displayed at the bottom of the page for you to filter out trades. Select the Accounting Centre, Transaction Type and TDate From. In this example, we will group one Term Loan and one Interest Rate Swap trade.

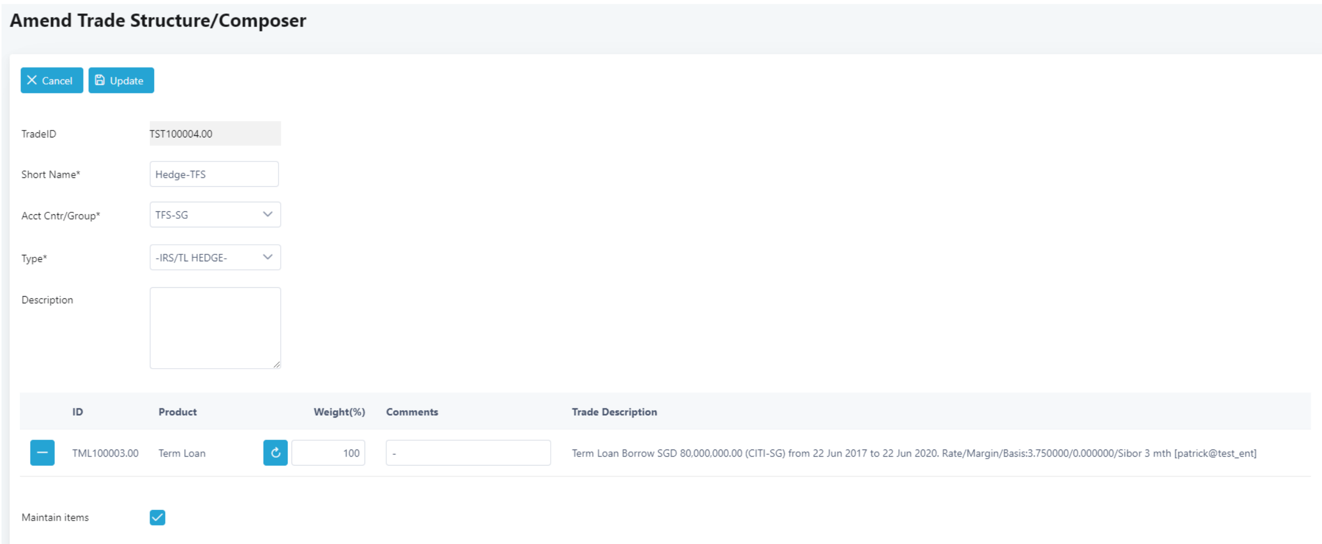


12. Choose the accounting centre, select the transaction type as Term Loan, TDate from 1-Jan-2017 and click Refrresh. System will filter out Term Loan trades which trade date start from 1-Jan-2017.

Term Loan

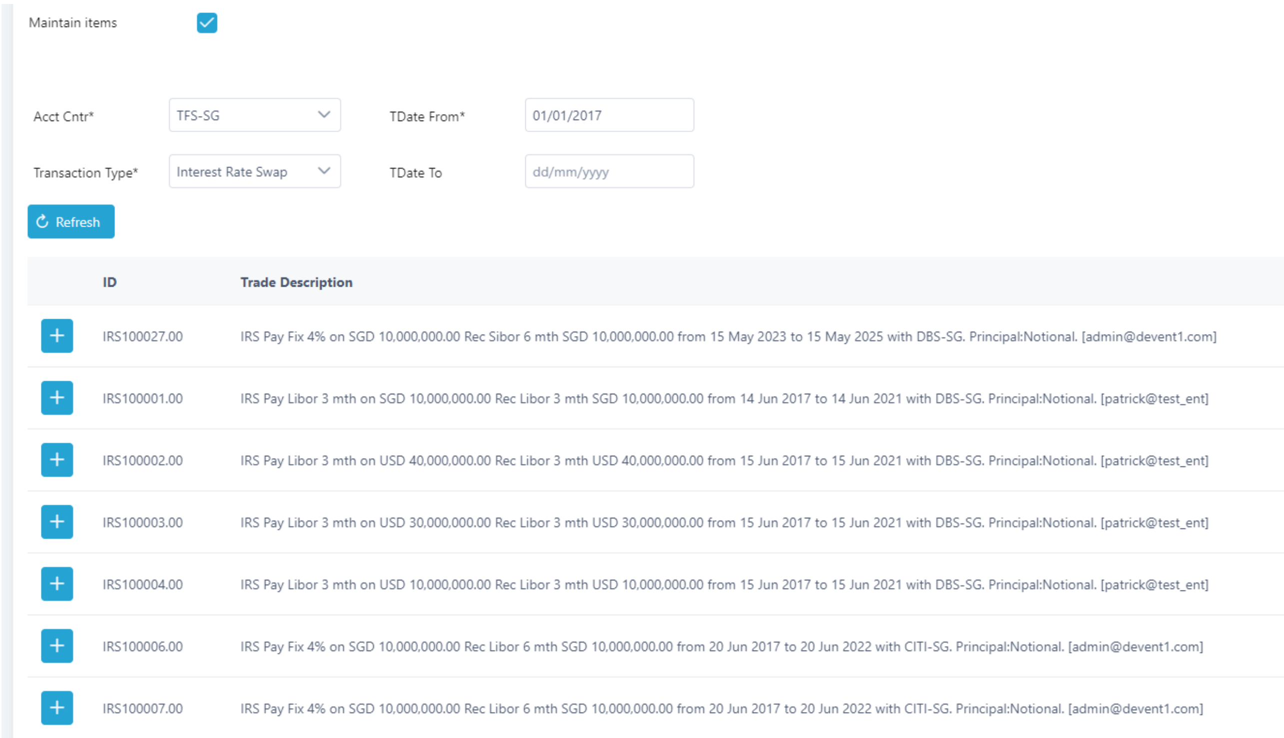


13. Click Add Button to add the Term Loan trade to the structure.



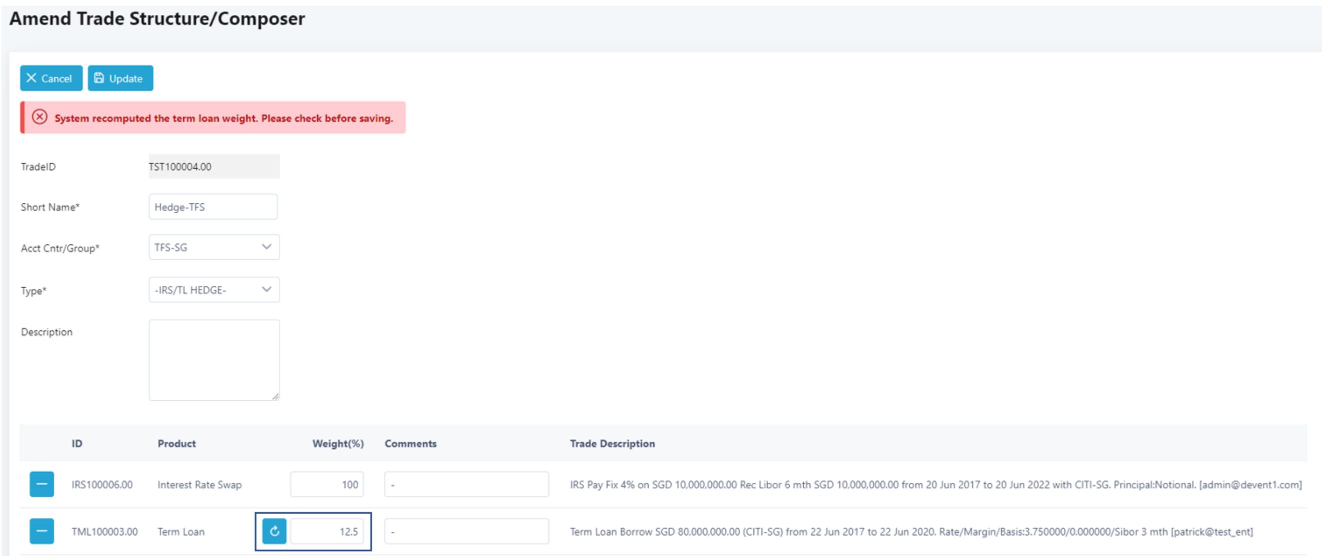
14. Continue to add for Interest Rate Swap trade. Select the transaction type as Interest Rate Swap this time and click Refresh.

15. Click Add Button to add the Interest Rate Swap trade to the structure.



16. Click on the Recompute Button next to Term Loan's weighting. System will recompute the Term Loan's weight that are hedged with the Interest Rate Swap trade. Note that the system always based on the initial loan principal amount and does not assume for repayment of the principal when computing the Term Loan's weight.

In this example, 10 mil out of the Term Loan's 80 mil is hedged.



17. Click Update after the trade structure is properly set. Note that the weighting can be overwritten, change the values directly to the Weight(%) field and update.

18. Once the trade structure is created, reports can be printed from the system to

show the hedging analysis as per below examples. These reports can be retrieved from Reporting > Standard from the main menu.

Report ID: 3105

3105

TL Fixed/Hedge and Floating Rate

Acct Cntr:TFS-SG Date: As At 30-Jun-2017 Val Currency: SGD Exchange Type: Accounting Units : Thousands Portfolio Group: All

Grouping	Ccy	AcctCntr	Fac SN	TradeID	Hedged?	Amount	Effective Rate%	Margin%	All In Rate%
FIXED/HEDGED									
	USD	TFS-SG	CITI-SG < TFS-SG	TML100004.00	Y	55,092.00	3.500000	0.000000	3.500000
	USD	TFS-SG	CITI-SG < TFS-SG	TML100005.00	Y	55,092.00	3.500000	0.000000	3.500000
						110,184.00	**3.500000**		**3.500000**
FLOAT									
	SGD	TFS-SG	CITI-SG < TFS-SG	MMK100007.00		15,000.00	0.670000	0.000000	0.670000
	GBP	TFS-SG	CITI-SG < TFS-SG	MMK100008.00		25,102.00	0.810000	0.000000	0.810000
	USD	TFS-SG	CITI-SG < TFS-SG	MMK100009.00		27,546.00	0.750000	0.000000	0.750000
	USD	TFS-SG	CITI-SG < TFS-SG	TML100002.00		68,865.00	3.500000	0.000000	3.500000
	SGD	TFS-SG	CITI-SG < TFS-SG	TML100003.00		80,000.00	3.750000	0.000000	3.750000
	USD	TFS-SG	CITI-SG < TFS-SG	TML100004.00		13,773.00	3.500000	0.000000	3.500000
	USD	TFS-SG	CITI-SG < TFS-SG	TML100005.00		20,659.50	3.500000	0.000000	3.500000
	USD	TFS-SG	CITI-SG < TFS-SG	TML100006.00		82,638.00	3.500000	0.000000	3.500000
	SGD	TFS-SG	CITI-SG < TFS-SG	TML100022.00		12,000.00	2.500000	0.000000	2.500000
	SGD	TFS-SG	DBS-SG < TFS-SG	TML100001.00		300,000.00	2.410000	0.000000	2.410000
	SGD	TFS-SG	DBS-SG < TFS-SG	TML100023.00		1,000.00	3.260000	0.000000	3.260000
						646,583.50	**2.719024**		**2.719024**
					Total	**756,767.50**	**2.832733**		**2.832733**

Report ID: 6007

6007

Derivative Periodic Rate Reset

Acct Cntr:TFS-SG Date: As At 30-Jun-2017 Portfolio Group: All

	Underlying Term Loan							IRS				Receive				Pay			
Acct Cntr	Trade ID	Ctpy	VDate	MDate	Ccy	Principal	Hedge %	Trade ID	Ctpy	VDate	MDate	Ccy	Notional	Basis	Rate (%)	Ccy	Notional	Basis	Rate (%)
CITI-SG < TFS-SG																			
TFS-SG	TML100004.00	CITI-SG	15-Jun-17	15-Jun-21	USD	50,000,000.00													
							80.00	IRS100002.00	DBS-SG	15-Jun-17	15-Jun-21	USD	40,000,000.00	Libor 3 mth	3.400000	USD	40,000,000.00	Libor 3 mth	3.500000
							80.00					Total	40,000,000.00				40,000,000.00	Wt Avg Rate	3.500000
TFS-SG	TML100005.00	CITI-SG	15-Jun-17	15-Jun-21	USD	55,000,000.00													
							54.55	IRS100003.00	DBS-SG	15-Jun-17	15-Jun-21	USD	30,000,000.00	Libor 3 mth	3.400000	USD	30,000,000.00	Libor 3 mth	3.500000
							18.18	IRS100004.00	DBS-SG	15-Jun-17	15-Jun-21	USD	10,000,000.00	Libor 3 mth	3.400000	USD	10,000,000.00	Libor 3 mth	3.500000
							72.73					Total	40,000,000.00				40,000,000.00	Wt Avg Rate	3.500000
						105,000,000.00													

FREQUENTLY ASKED QUESTIONS

RELATED INFORMATION

CHANGE HISTORY

Date	By	Changes
19-Apr-2016	Clarissa	Created.
25-Nov-2019	Lyra	Updated screenshots.
23-May-2023	TS	Updated to W6 instructions and screenshots.