Money Market Rollover (W5)

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PURPOSE

This document describes how to roll over a money market transaction.

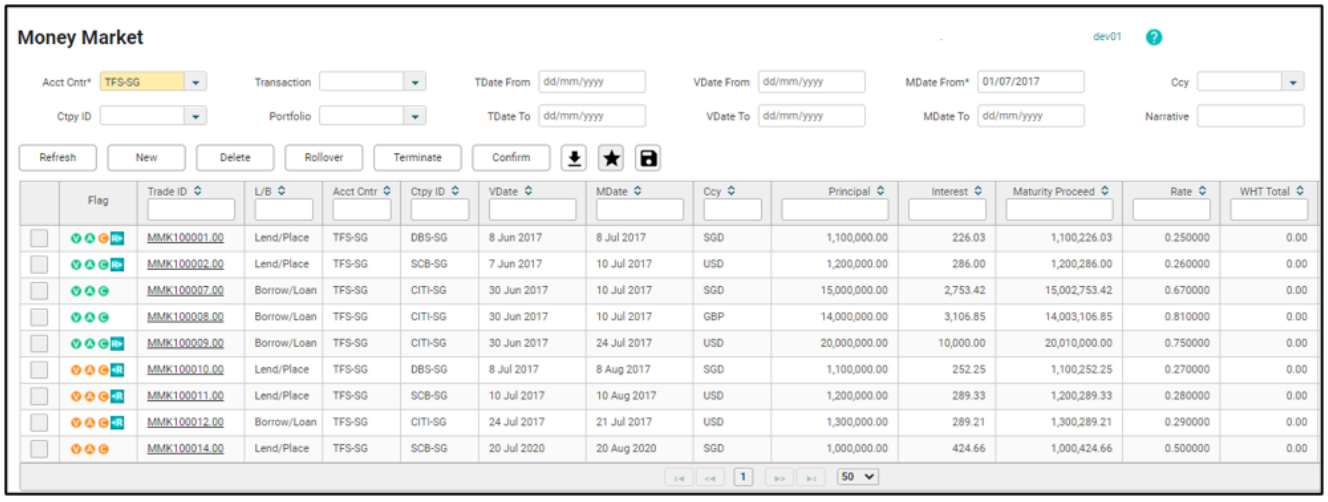
WHY IS THIS IMPORTANT?

This step allows a user to roll over an existing money market transaction without having to book a new trade, and the rolled transaction is linked to the original transaction.

PROCEDURE

1. From the Money Market launch screen, choose the Accounting Centre from the dropdown.

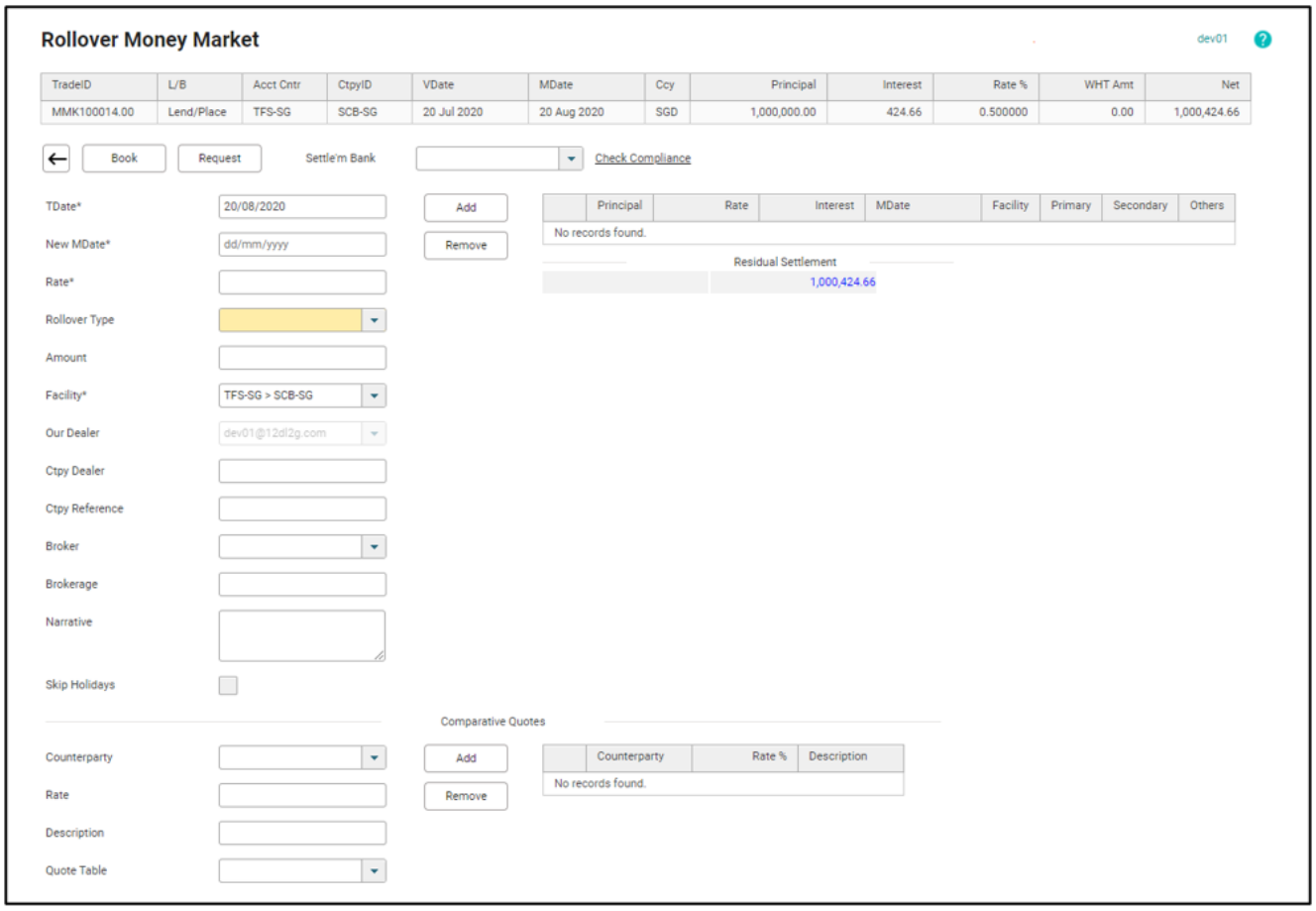
2. Click Refresh. The money market transactions display.



3. Select the trade or trades to roll over. Note that selecting multiple trades requires them to be in the same currency, and have the same maturity date and counterparty.

4. Once selected, click Rollover. In this example, only one trade will be chosen.

5. The Rollover Money Market screen will be displayed.



6. Fill in the mandatory fields marked by an asterisk (*).

7. Key in the TDate. This can be the present date or a past date, but not future date.

8. Type in the new MDate to rollover to. Note the VDate of the new rollover trade will start from the last maturity date of the original trade.

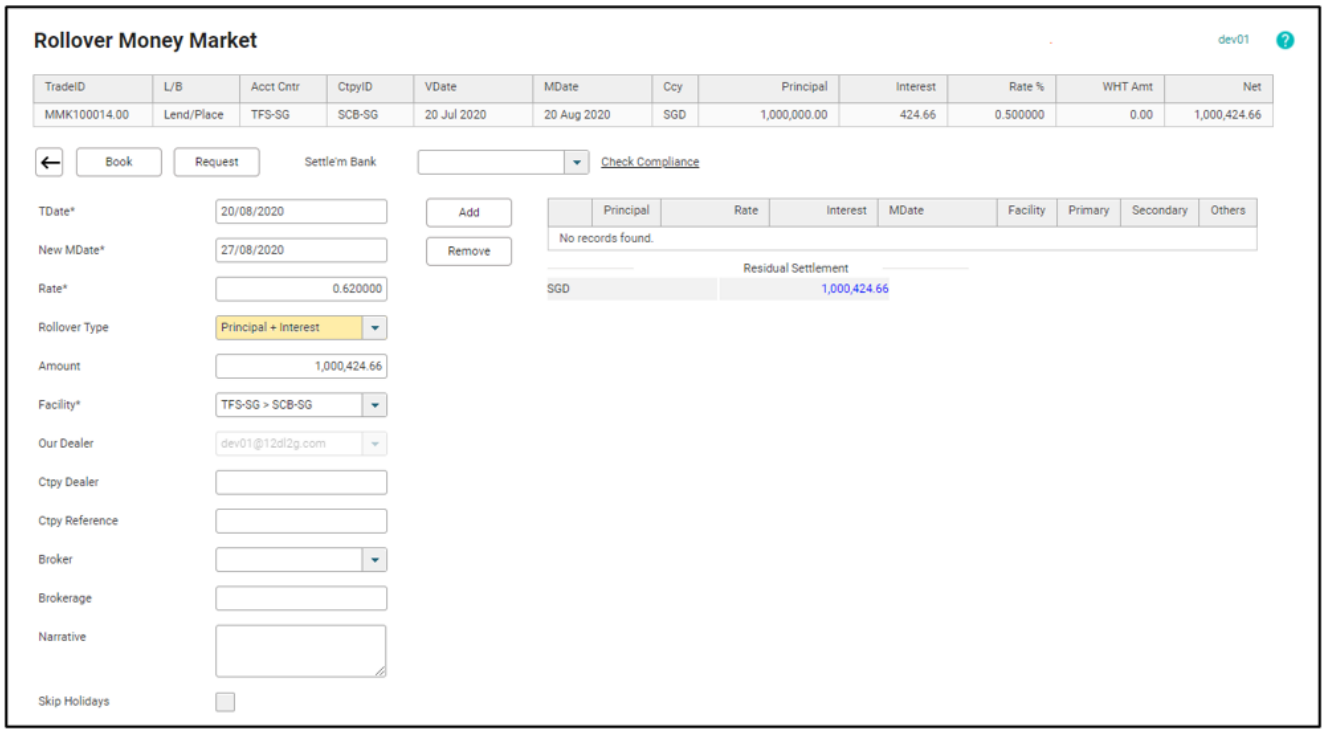
9. Key in the new roll rate in the Rate field.

10. Choose Rollover Type. Note that there are three types of rollover; see FAQ below for description.

11. If Principal + Interest or Principal is chosen as the rollover type, the amount field will be auto-populated. Select Custom to input a desired amount to rollover.

12. Enter narrative if needed.

13. Leave the Check skip holiday box unticked so that the system will check for holidays. If you wish the system to skip the holiday check, tick the checkbox for Skip Holidays. Access rights are required to skip holidays.



14. To maintain quotes from other counterparties for this rollover transaction, select the counterparty and enter the rate under the Comparative Quotes below.



15. Click Add. The counterparty quote will be added to the table on the right.

16. Alternatively, counterparty quotes can be retrieved from Prices > Interest Rate Maintenance. Select the available counterparty quotes from the Quote Table dropdown list and click Add. Click here to see how to maintain counterparties'

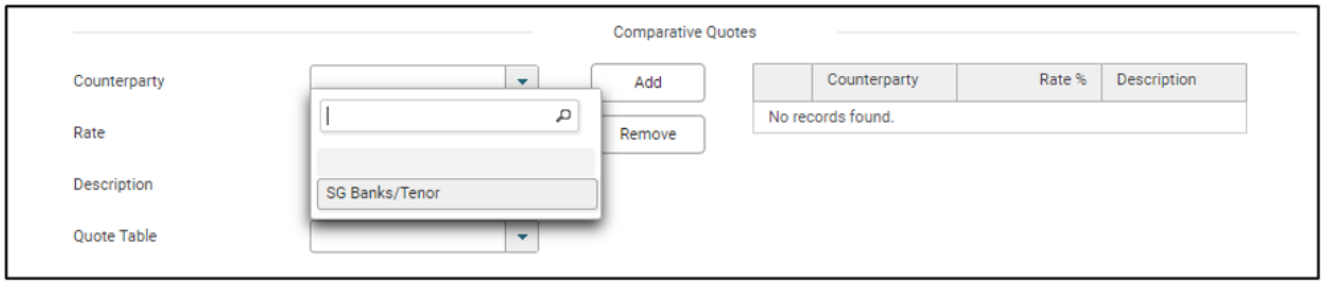
interest rates.

Note: Quote Table will be populated by [Ctpy Group]/[Time Bucket].

Limitations:

– The counterparty quotes import can be applied for 1-to-1 rollover only and not for 1-to-many or many-to-many rollover.

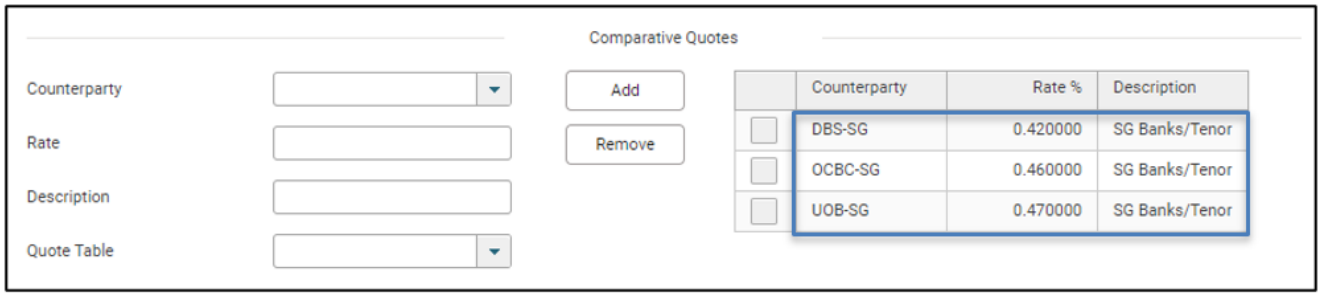
– Once you key in the rollover trade details, get the comparative quotes first before clicking Add to add the new rollover trade to the list on the right.



17. Quotes for selected counterparty group and tenor will be retrieved from Interest Rates Maintenance based on the transaction TDate, type and currency and displayed in the table on the right.

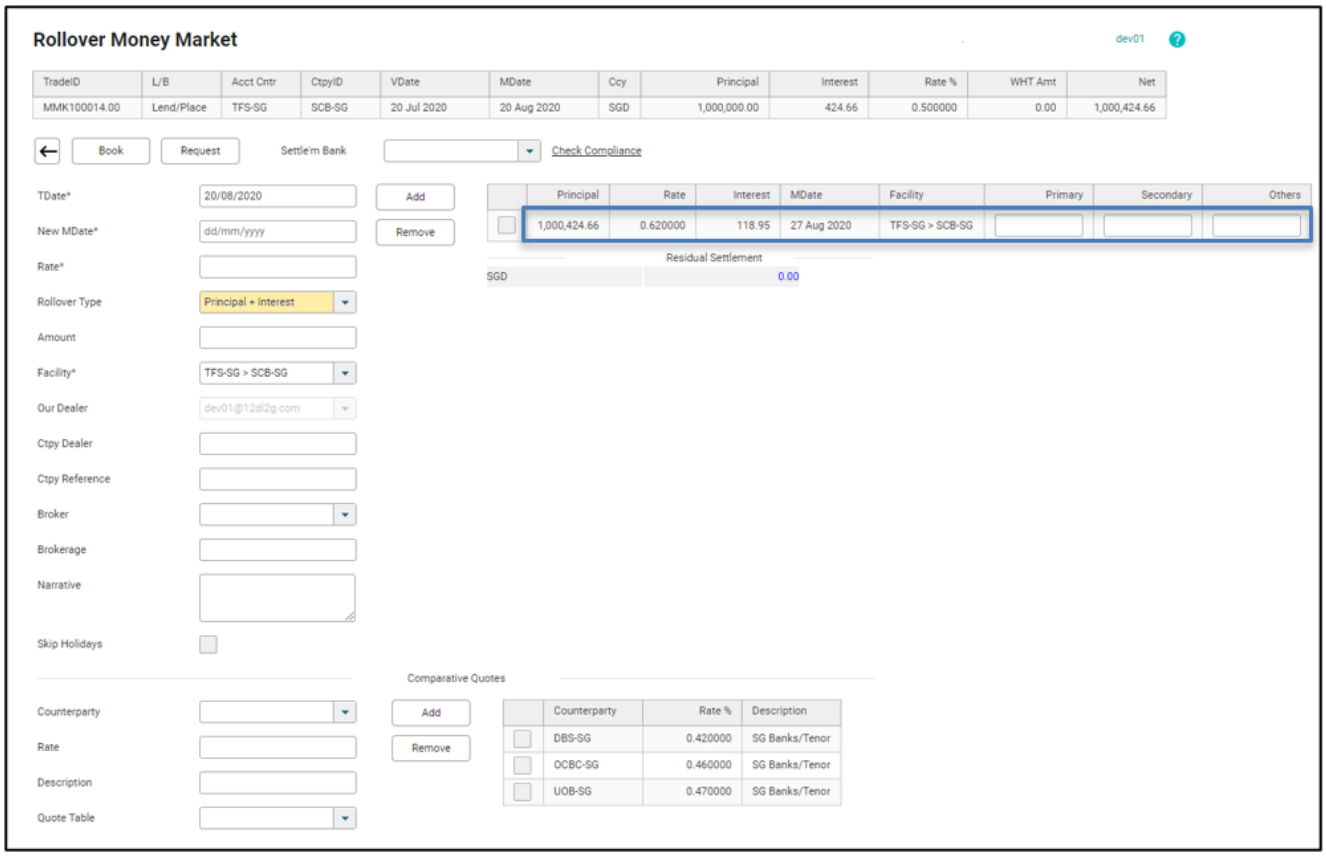
Note: The computation of trade tenor will be MDate – VDate. System will then check if there are any rates available in the Interest Rate Maintenance where trade tenor is same as the interest rate days. If this is not available, system will get the last available rate.

If the Quote Table has no record to add, system will prompt “There are no quotes available to add for the selected Quote Table.”



18. If both the Quote Table and the Counterparty are selected, system will prompt “Please select either Counterparty or Quote Table rate to add.”. You can only add counterparty quotes manually or get from the Quote table one at a time.

19. After filling out the fields, click Add. The trade appears on the right side of the screen.



20. If there are things to change in the rollover, tick on the checkbox of the item on the right and click Remove. Re-enter the rollover details to add again.

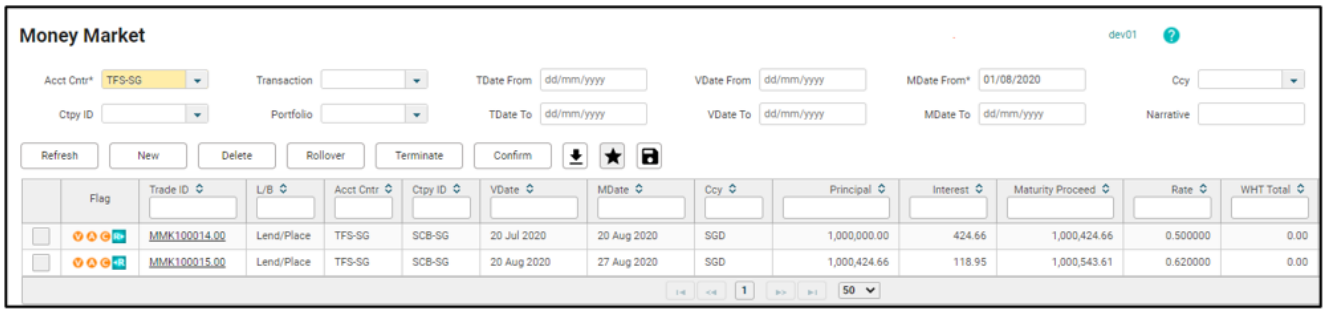
21. Once finished, click Book.

Note: The system will validate both the user's dealing limit and the counterparty limit before proceeding with the booking.

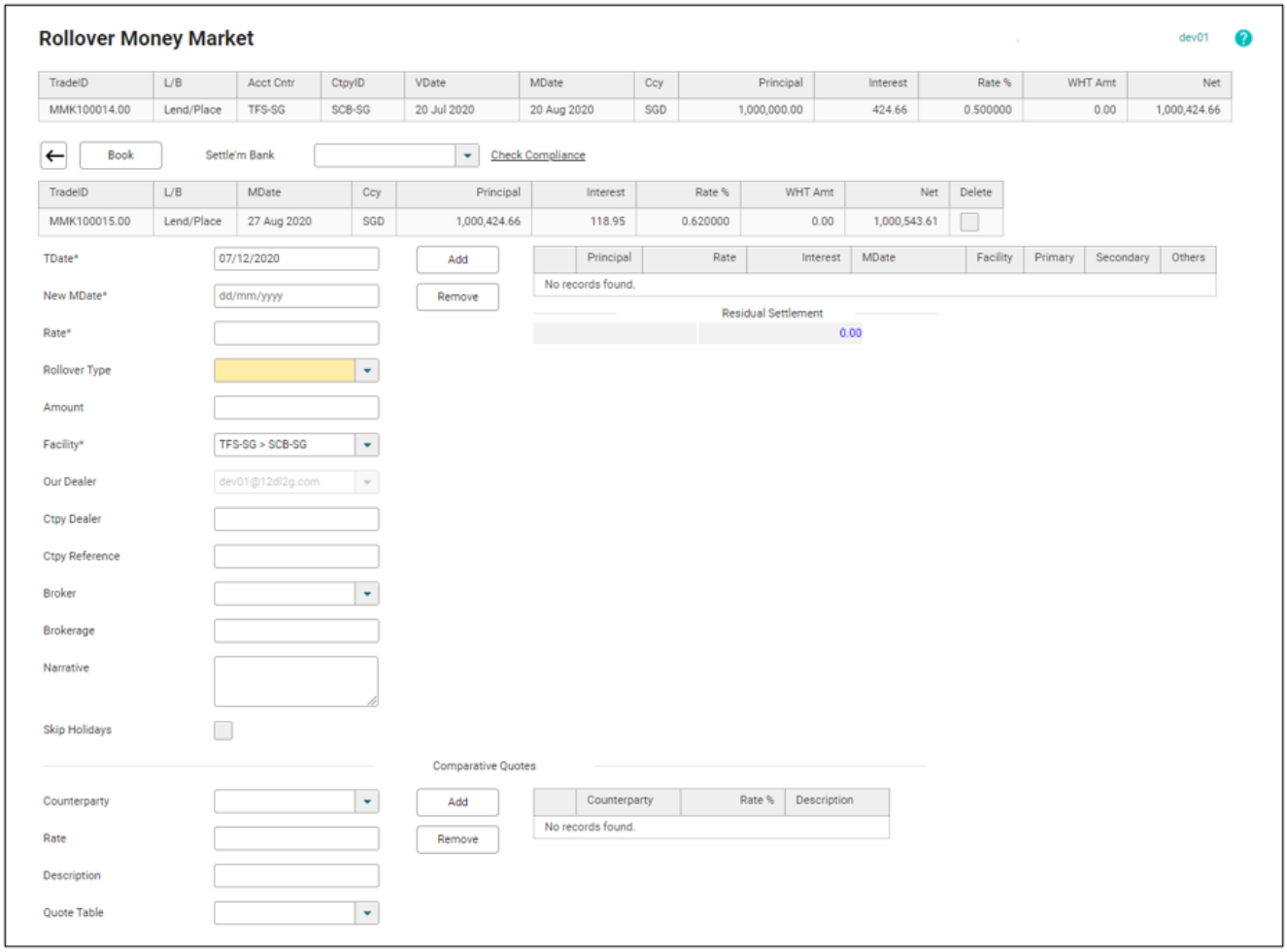
- If the **user's dealing limit** is breached, a prompt will be displayed, and the booking will not be allowed.
- If the **counterparty limit** is breached, a prompt will be displayed. However, the user may proceed with the booking if they have the appropriate additional access rights (11647 – Book Rollover Money Market Trade that exceed limits).

22. The new rolled trade is shown as MMK100015.00 and it's indicated with an Back Rollover flag, which means this trade is rolled from a trade. The original

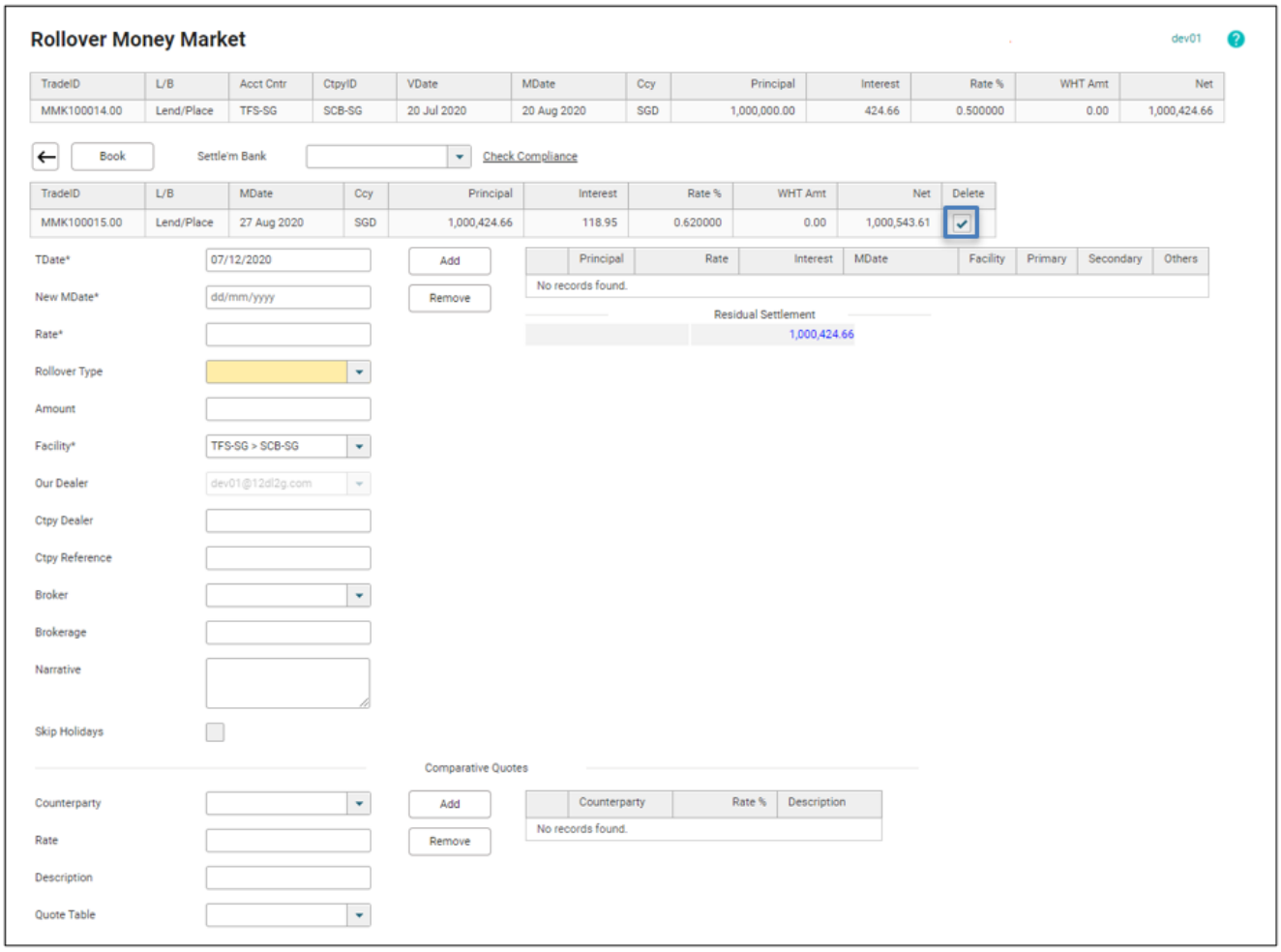
trade is marked with Forward Rollover , which means the trade has been rolled to another trade.



23. To view the details of the rollover, click on the rollover flag, Back Rollover. For example, you will be able to see the original trade, MMK100014.00 which is shown on the top of the screen, and the new rolled trade, MMK100015.00.



24. To amend a rolled trade, you need to delete the rolled trade and re-book the new rollover. To delete, click on the rollover flag, Back Rollover or Forward Rollover, then tick on the Delete checkbox in the Rollover Money Market screen, and click Book.



25. The rolled trade MMK100015.00 will be deleted from the system. Re-book the new rollover.

FREQUENTLY ASKED QUESTIONS

FAQ01. What are the different rollover types?

Principal – new amount is the total of all maturing principals. This means that all the interest will be settled and not rolled.

Principal + Interest – new amount will be total of all the maturing proceeds. There will be no settlement.

Custom – user determines the rollover amount and the settlement amount. More than one rolled into deal is allowed.

FAQ02. I cannot roll the trade again.

Trades rolled over cannot be rolled again. The previous roll needs to be deleted in this case first and the re-book the rollover.

FAQ03. How do you rollover a Money Market trade where the maturity leg has already been posted to the accounting system?

This problem is caused by posting the originating trade before booking the rollover. Since the maturity leg has been posted, we are not able to reverse it. Please follow the following steps to get the original trade to a ready state.

1) In the CS Lucas system, unpost the maturity leg of the original trade.

2) In the accounting system, delete or raise a reversal for the journal for the maturity leg that has been posted.

3) Rollover as required.

4) Recreate the journal for the maturity leg of the originating trade.

To avoid these manual process, please do not post journals before rollover on the trade has been booked.

RELATED INFORMATION

Launching Money Market

Trade Request for Money Market Rollover

CHANGE HISTORY

Date	By	Changes
15-Feb-2008	-	Created
28-Jul-2015	CS	Included section for FAQ
29-Feb-2015	Clarissa	Rewritten. Reformatted.
12-Jun-2016	Douglas	Proofread.
10-Dec-2018	TS	Added Related Information.
13-Nov-2019	Lyra	Updated Screenshots
08-May-2020	TS	Added FAQ03.
7-Dec-2020	TS	Updated instructions and screen shots for comparative quotes enhancement to be able to retrieve quotes maintained in Interest Rate Maintenance.