Option Short Journal

PURPOSE

To show illustration of option short journal.

OVERVIEW

TRANSACTION DETAILS

Accounting Base Ccy	USD
Trade ID	OPT1001
Trade Date	25-Mar-03
Value Date	3-Apr-03
Transaction	Sell
Option Type	Put
Style	European
On Currency	IDR
Principal	1,000,000,000.00
Against Currency	
Strike Price	
Premium Paid	

USD
9,175.000000
523.23

SUMMARY OF JOURNALS

ID	Date	Description
J1	25-Mar-03	On Inception of the Options
J2	31-Mar-03	Month end revaluation
J3	1-Apr-03	Reversal of Month end revaluation
J4	3-Apr-03	On Net Settlement of Options
J5	3-Apr-03	On Exercise of the options (Alternative to J4)
J6	3-Apr-03	On lapse (Alternative to J4)

J1 **On Inception of the Options**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
OPT1001	25-Mar-03	B	Cash at Bank	USD	523.23	1.000000	USD	523.23	J1a
OPT1001	25-Mar-03	P	FX Option Premium Income	USD	-523.23	1.000000	USD	-523.23	J1b

J2 **Month end revaluation**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
OPT1001	31-Mar-03	P	Unrealised Losses - Write Options	USD	712.78	1.000000	USD	712.78	J2a
OPT1001	31-Mar-03	B	Revaluation P/L - Options	USD	-712.78	1.000000	USD	-712.78	J2b

Note J2a: **Assume the MTM on 31-Mar is USD 712.78**

J3 **Reversal of Month end revaluation**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
OPT1001	1-Apr-03	P	Unrealised Losses - Write Options	USD	-712.78	1.000000	USD	-712.78	J3a
OPT1001	1-Apr-03	B	Revaluation P/L - Options	USD	712.78	1.000000	USD	712.78	J3b

J4 **On Net Settlement of Options**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
OPT1001	3-Apr-03	B	Cash at Bank	USD	814.23	1.000000	USD	814.23	J4a
OPT1001	3-Apr-03	P	Realised Gain - Options	USD	-814.23	1.000000	USD	-814.23	J4b

Note J4a: **Assume the net settled amount is USD 814.23. The system books the following journal on settlement.**

J5 **On Exercise of the options (Alternative to J4)**

Note J5: **On exercise of the Options, the system books a FX Outright trade at the contract rate equal to the Options strike price. Thereafter, there is no further journals for the Options contract. The FX trade is dealt in accordance with all other FX Outright trades. See FX Outright trade journals.**

J6 **On lapse (Alternative to J4)**

Note J6: **On lapse of the Options, no journals will be generated for the Options.**

EXCHANGE RATES

FREQUENTLY ASKED QUESTIONS

RELATED INFORMATION

CHANGE HISTORY

Date	By	Changes
22-Feb-2008	CS	Creation.
22-Jun-2016	RJ	Reformatted.
24-Apr-2020	LT	Re-formatting.