Term Loan Periodic Reset Rates

See previous W5 version guide

PURPOSE

This document explains how to maintain term loan periodic reset rates.

BACKGROUND

The reset rates functionality within the Term Loan is designed to manage loans in China with the PBOC rate.

WHY IS THIS IMPORTANT?

Periodic reset rates enable the maintenance and application of a set of periodic reset rates for interest computation during the term loan period. This functionality is commonly utilised for loans, such as the China PBOC loan, where the rate undergoes a monthly reset. This simplifies the rate update process for all loans using the PBOC rate when the reset occurs.

Limitation: This feature is not supported when the term loan includes interest capitalisation items.

PRE-REQUISITE

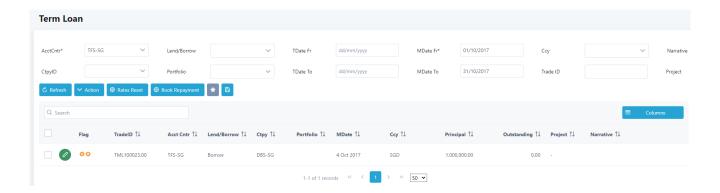
To use the reset rates functionality, refrain from making any amendments to the term loan repayment schedule. Any updates to the current repayment schedule will be disregarded once the reset rate is applied.

Reset rates should be maintained from the start ("VDate") to the maturity date ("MDate") of the term loan transaction. The system will apply the reset rates and calculate interest based on the dates specified in the Maintain Periodic Reset Rates screen and beyond. Otherwise, the interest rate used for booking the loan drawdown will be applied.

PROCEDURE



1. To maintain periodic reset rates, go to the amend term loan repayment page. From the Term Loan launch screen, click on the Trade ID to be amended.

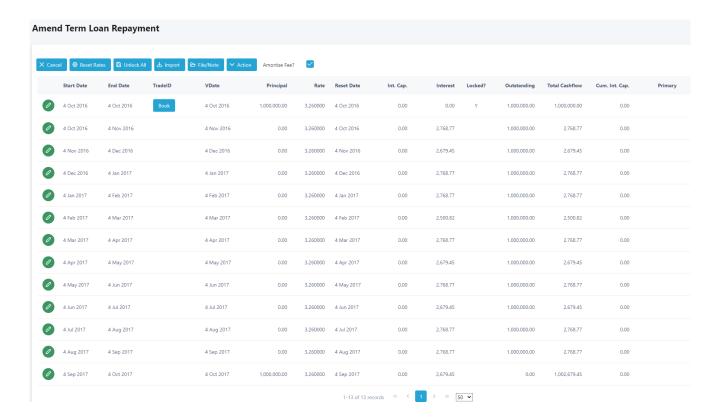


2. The Amend Term Loan screen will be displayed.

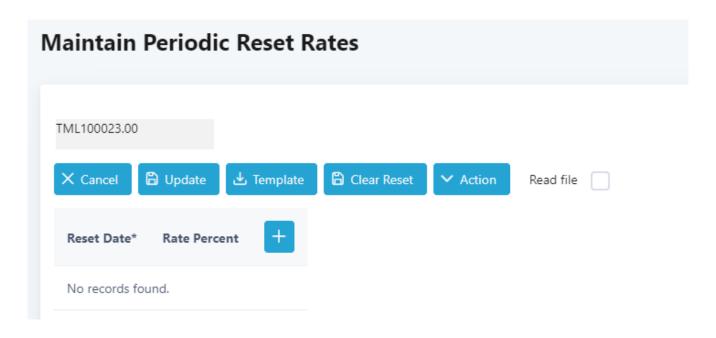
Amend Term Loan

rade ID	TML100023.00	
Transaction+	Borrow	~
Accounting Centre+	TFS-SG	~
TDate+	04/10/2016	
Vdate+	04/10/2016	
Mdate*	04/10/2017	
Ccy+	SGD	~
Principal*	1,000,000	0.00
Reset/Fix Rate(%)*	3.260	000
Cap Rate		
Floor Rate		
	ELO.T.	
Float Basis*	FLOAT	_
Margin(%)*	0.000	000
Facility+	DBS-SG < TFS-SG	~
Counterparty ID+	DBS-SG	
Frequency+	Monthly	~
Day Convention*	No Adjustment	~
Settle Convention*	No Adjustment	~
Reset Convention*	No Adjustment	~
Reset Days*		0
Accruals*	Act/365 (fixed)	~
Repayment Style+	Bullet	~
Portfolio		~
	_	~
Transaction Type	-	~
Project	-	~
Our Dealer	admin@devent1.com	~
Ctpy Dealer		
Ctpy Reference		
Broker		~
Brokerage		
Narrative		
		- /-
Skip Holidays		

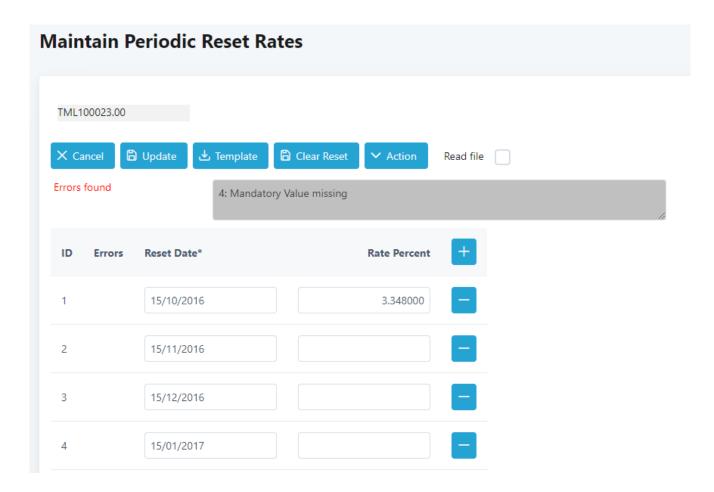
3. Click on Repayment, and the Amend Term Loan Repayment screen displays.



4. Click on Reset Rates button.



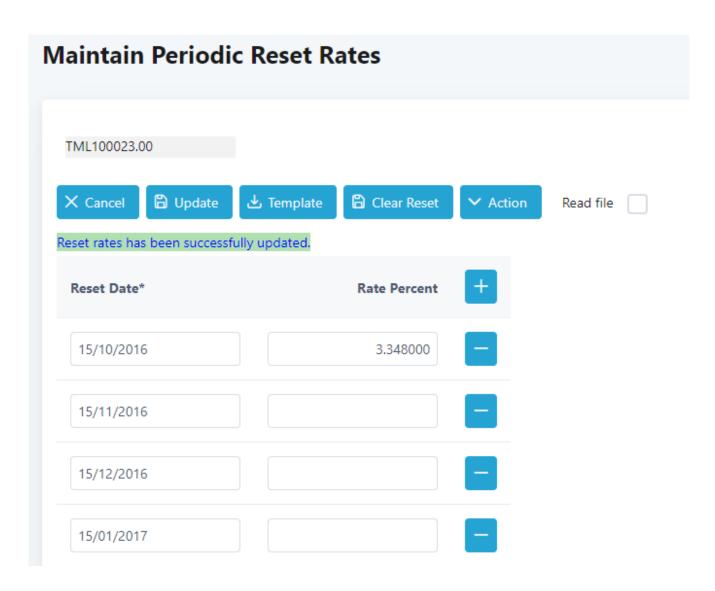
5. Click Add button to add new row.



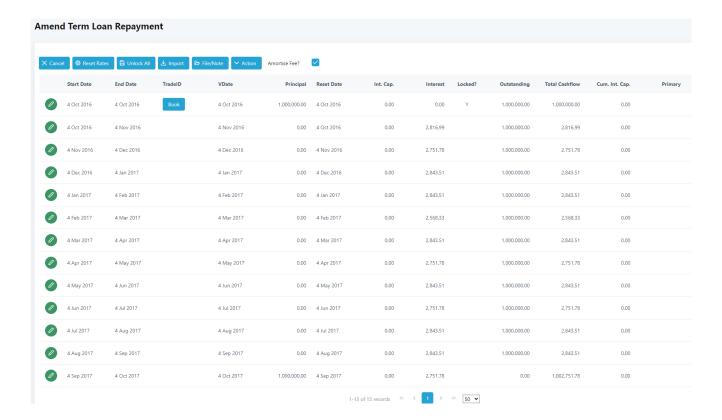
6. Enter the Reset Date and Rate Percent. You can manage a series of periodic reset dates and save them. Rate Percent is optional; you may leave it blank.

See <u>Term Loan Rates Reset Management</u> on how to update reset rates for all loans using the PBOC rate when the reset occurs.

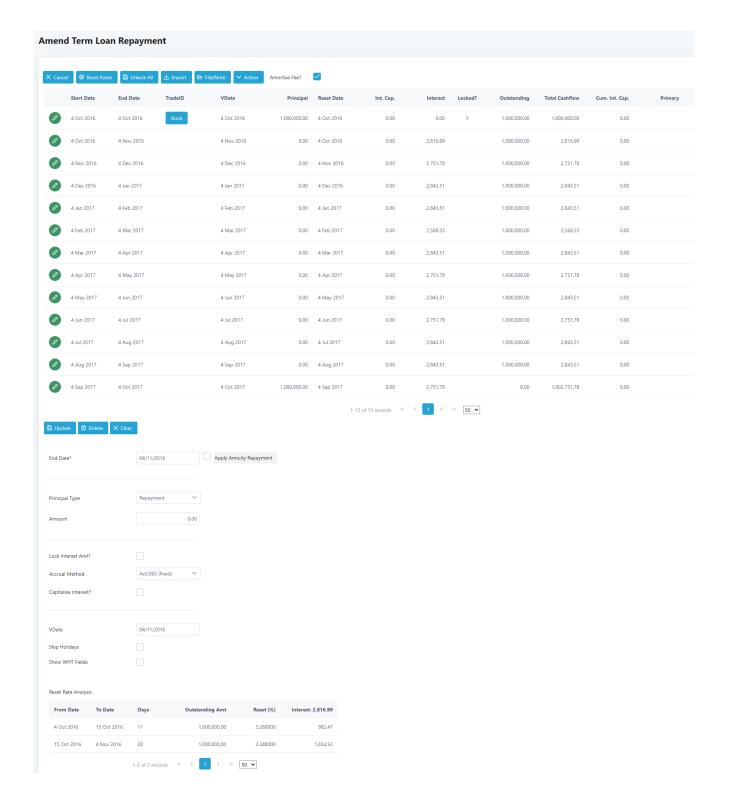
- 7. Click Update.
- 8. At the prompt, click Yes to confirm.



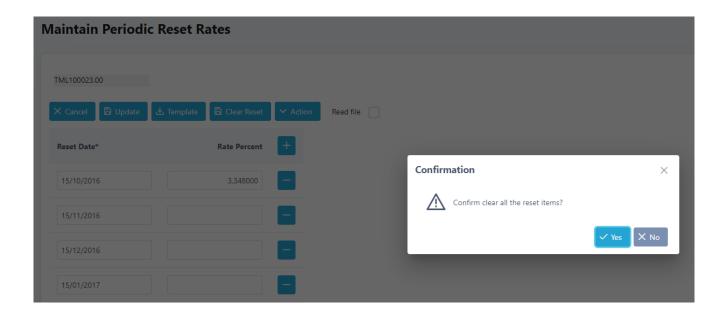
9. Interest will be recomputed based on the reset rates once it is successfully updated. Interest rate will not be displayed in the repayment schedule once the reset rates are maintained.



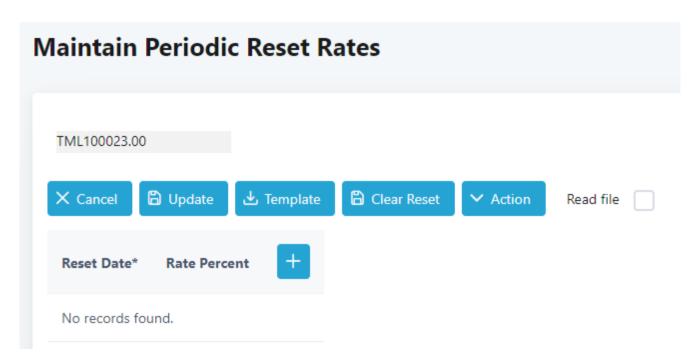
10. Click the Edit button of the periodic End Date to view the detailed breakdown of the reset rate analysis at the bottom of the page.



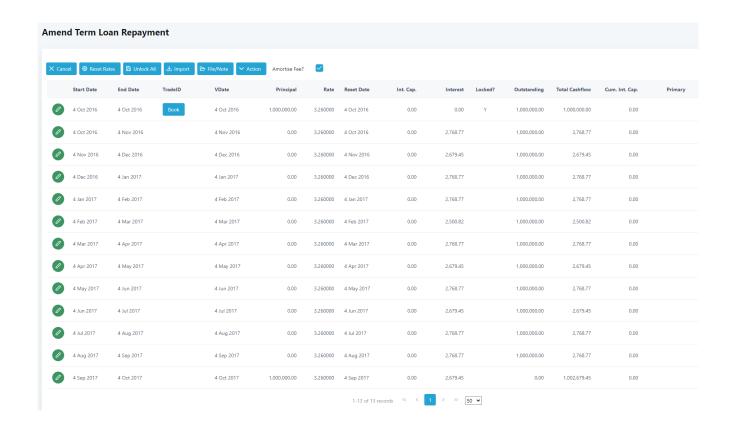
- 11. To remove periodic reset rates, click on Clear Reset from the Maintain Periodic Reset Rates screen.
- 12. At the prompt, click Yes to confirm.



13. The periodic reset dates and rates will be deleted.



14. Click the Cancel button to return to the Amend Term Loan Repayment screen. The term loan's drawdown interest rate will be applied to the repayment schedule.



RELATED INFORMATION

Launching Term Loan

Create Term Loan

Term Loan Rates Reset Management

CHANGE HISTORY

Date	Ву	Changes	
15-Jun-2016	V	Created.	
19-Nov-2019	Lyra	Updated screenshots.	
16-Jan-2024	TS	Updated instructions and screenshots.	
29-Jan-2024	TS	Updated to W6 instructions and screenshots.	