



Nasdaq Calypso

Credit Facilities Trading

Version 18

Revision 2.0

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Approved

1. Defining Credit Facilities

A **Credit Facility** is a structured agreement in which a lender sets out the terms and conditions on which it is prepared to make money available to the borrower. It details the extent of the agreement as well as the conditions of drawdown, interest rate, repayment schedule, fees etc.

There is no principal movement and no cashflow associated to the Credit Facility product. Consequently, there is no transfer generated for a Credit Facility, except for Fees when charged at Credit Facility level.

A Credit Facility can have a number of:

- **Tranches:** A tranche is a sub-division of a Credit Facility that may have a separate start or end date, or be dependent upon a number of business outcomes to become available. Each tranche can have one or multiple drawdowns. The drawdown is the actual money that is lent.

Each tranche has its own limit; the sum of the tranche limits must not exceed the Credit Facility limit.

- **Rate Conditions Configurations:** A Credit Facility may have one or more rate conditions configurations to allow:
 - Each tranche to have its own rate conditions (e.g. a different margin or index), or
 - Each drawdown to have its own rate conditions

Note that the configuration of rate conditions is optional, you can always set the rate conditions when you capture a drawdown.

- **Statement Configurations:** A Credit Facility may be required to provide statements on a predefined frequency (e.g. weekly, monthly, quarterly, etc.) broken down by tranche and/or drawdown.

Credit Facility Quick Reference

Setup Requirements

In order for all the components of a Credit Facility to be synchronized, you need to add the trade rule `UpdateTrancheActions` to the domain mandatory `TradeRule`.

It is also recommended to enable the status bar in the Credit Facility related windows (**Trade > Status Bar**) so that you don't have a popup message each time a component of a Credit Facility is added or modified - All messages are redirected to the status bar.

Credit Facility Definition

Create a Credit Facility to define the general money availability using the Credit Facility Trade window.

- » You can select a template from the Template field to populate the worksheet with default values. Then modify the fields as applicable.
- Or you can enter the trade fields directly. They are described below.
- Note that the Trade Date is entered in the Details panel.
- » Proceed to the other panels as applicable.

In particular, you can select the date rule to generate periodic fees in the Fees panel.

► See [Computing Periodic Fees](#) for details.

» Hit F5 to save the trade, or choose **Trade > Save**.

You can also hit F3 to save the current trade as a new trade, or choose **Trade > Save As New**.

A description appears in the title bar of the trade worksheet, a trade id is assigned to the trade, and the status of the trade is modified according to the workflow configuration.

» There is a keyword that identifies the credit facility once it has been saved. This keyword, *CreditFacility*, can be added to the keyword list in the Details tab of the Credit Facility window. Once added in this window, it can be seen in the keyword list of all tranches and draw downs associated with that credit facility.

Tranche Definition

For a given Credit Facility, define tranches that provide details about lending conditions.

» Once the Credit Facility is saved, click **New Tranche** to create a tranche.

► See [Capturing Credit Tranches](#) for details.

Drawdown Capture

For a given Tranche, capture the actual drawdowns of money.

» Once the Tranche is saved, click **New DrawDown** in the Tranche window to create a drawdown.

► See [Capturing Drawdowns](#) for details.

Periodic Fees

You can compute periodic fees for credit facilities.

► See [Computing Periodic Fees](#) for details.

Trade Lifecycle

You can terminate a credit facility using **Back Office > Terminate**.

Note that you cannot terminate a credit facility if it contains active tranches. You first need to terminate the tranches.

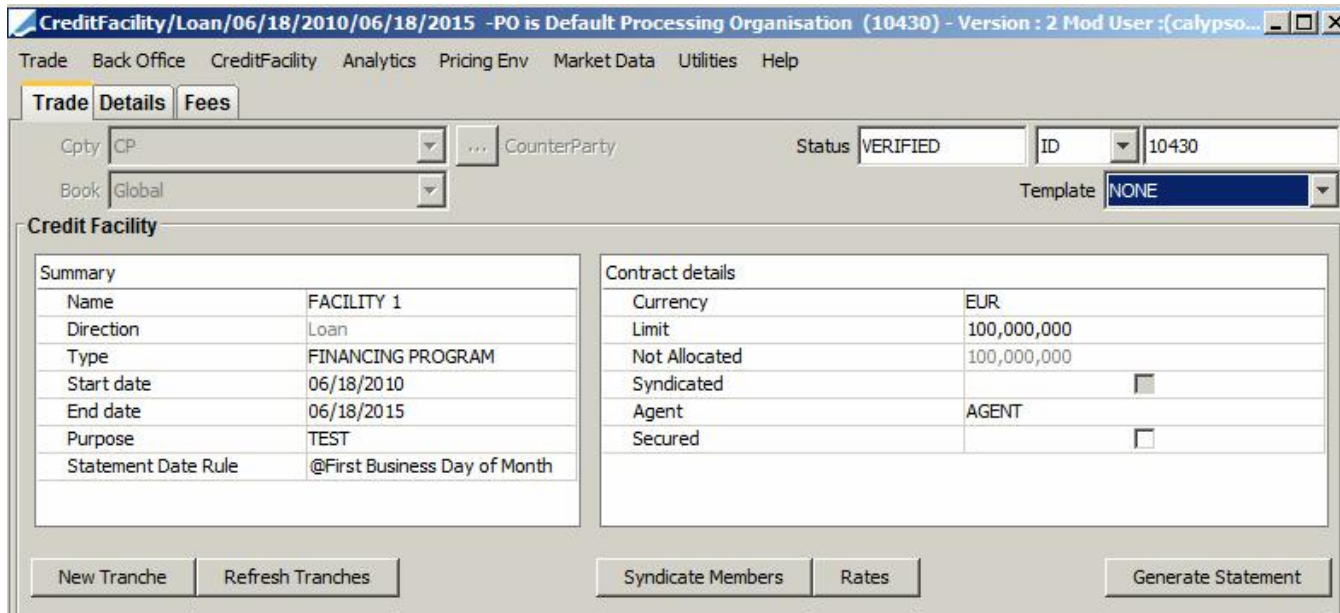
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1.1 Sample Credit Facility

From the Calypso Navigator, navigate to **Trade > Money Market > Credit Facility** to bring up the Credit Facility window (menu action `trading.TradeCreditFacilityWindow`).



1.1.1 Trade Details

Trade Details

Fields	Description
Cpty / Role	<p>Select the trade's counterparty. The default role is CounterParty but you can change it as needed by double-clicking the CounterParty label.</p> <p>The default role is specified using Utilities > Set Default Role.</p> <p>You can select a legal entity of specified role provided you have setup favorite counterparties. You can also type in a character to display the favorite counterparties that start with that character. Favorite counterparties are specified using Utilities > Configure Favorite Counterparties.</p> <p>Otherwise, click  to select a legal entity of specified role from the Legal Entity Chooser. You can also type [Ctrl-F] to invoke the Legal Entity Chooser, or directly enter a Legal Entity short name.</p>

Fields	Description
Status	<p>Current status of the trade. The status is automatically assigned by the system based on the workflow configuration.</p> <p>The status will change over the lifetime of the trade according to the workflow configuration and the actions performed on the trade.</p>
Id Ext Ref Int Ref	<p>Unique identification number of the trade. The trade id is automatically assigned by the system when the trade is saved.</p> <p>You can load an existing trade by typing the trade id into this field, and pressing [Enter].</p> <p>You can also display the internal reference or external reference. The default trade reference to be displayed can be selected in the User Defaults.</p> <p>The internal reference and external reference can be set in the Details panel of the trade worksheet.</p>
Book	<p>Trading book to which the trade belongs. Defaults to the book selected in the User Defaults. You can modify as applicable.</p> <p>You can select a book provided you have setup favorite books. Favorite books are specified using Utilities > Configure Favorite Books.</p> <p>Otherwise, click <input type="text"/> to select a book.</p> <p>The owner of the book (a processing organization) identifies your side of the trade.</p>
Template	You can select a template from the Template field to populate the worksheet with default values. Then modify the fields as applicable.

[NOTE: The Counterparty set on the Credit Facility is automatically conveyed for all Tranches and Drawdowns linked to that Credit Facility]

Summary Details

Credit Facility	
Summary	
Name	FACILITY 1
Direction	Loan
Type	FINANCING PROGRAM
Start date	06/18/2010
End date	06/18/2015
Purpose	TEST
Statement Date Rule	@First Business Day of Month

Fields	Description
Name	Free-text field. Enter the Credit Facility Name. This is used only for Message purposes.

Fields	Description
Direction	<p>Loan/Deposit. Default is Loan.</p> <p>Deposit direction must only be used when the processing organization is user (and not provider) of the Credit Facility and, as such, must pay commission on non-used principal and interest on drawdowns.</p> <p>The Credit Facility Direction defaults the Tranche(s) and Drawdown(s) direction linked to that Facility.</p>
Type	<p>Free-text field. Enter the Credit Facility Type. This is used only for Message purposes.</p> <p>Click OK when you are done.</p>
Start Date	Start Date of the Credit Facility.
End Date	End Date of the Credit Facility (you can use xD/xM/xY as shortcuts).
Purpose	<p>Free-text field. Enter the Credit Facility Purpose. This is used only for Message purposes.</p> <p>Click OK when you are done.</p>
Statement Date Rule	<p>Set a predefined Date Rule if a you must send a periodic Facility Statement to your Counterparty/Customer.</p> <p>This field can also be left blank when no statement is required.</p> <p>Asample message setup is provided below.</p>

Contract Details

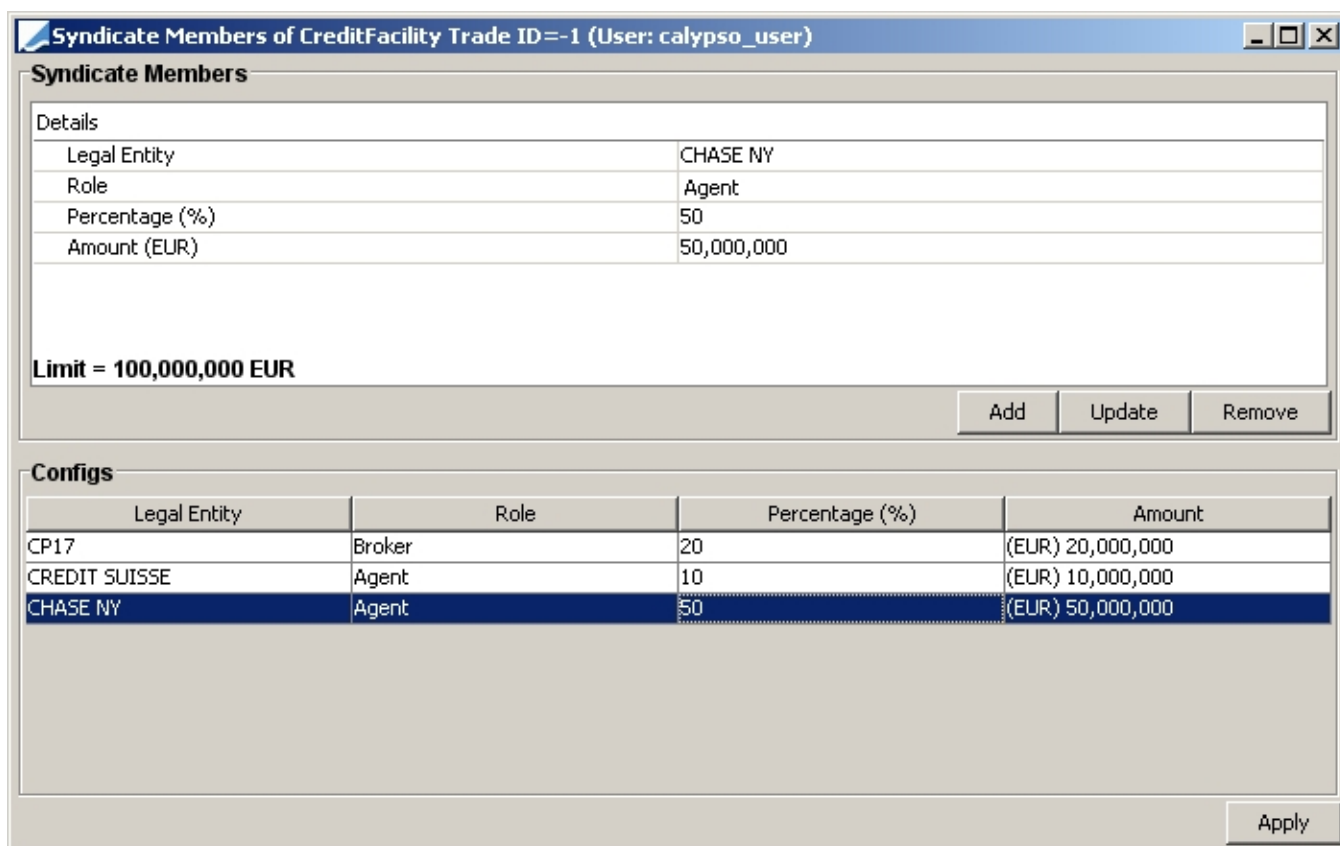
Contract details	
Currency	RON
Limit	100,000,000
Not Allocated	100,000,000
Syndicated	<input checked="" type="checkbox"/>
Agent	AGENT
Secured	<input type="checkbox"/>

Fields	Description
Currency	Credit Facility Currency.
Limit	Credit Facility Limit Amount. The Sum of Tranches Limit cannot exceed the Facility Limit.
Not Allocated	<p>Unallocated principal of the Facility.</p> <p>This is dynamically computed by the system on the Trade Valuation Date when you click the Price button.</p> <p>The system will compute on ValDate the unallocated part of the Facility based on Sum of the Tranche(s) Limits associated to that Facility. By changing the ValDate you can price at different dates to simulate the future or check the past.</p>
Syndicated	Check or clear as needed. This is for information and message purposes only.

Fields	Description
Agent	Select a legal entity defined with the Role Agent. This is for information and message purposes only.
Secured	Check or clear as needed. This is for information and message purposes only.

1.2 Defining Syndicate Members

You can define the participants in the Credit Facility by clicking **Syndicate Members**.



Syndicate Members of CreditFacility Trade ID=-1 (User: calypso_user)

Syndicate Members

Details

Legal Entity	CHASE NY
Role	Agent
Percentage (%)	50
Amount (EUR)	50,000,000

Limit = 100,000,000 EUR

Add Update Remove

Configs

Legal Entity	Role	Percentage (%)	Amount
CP17	Broker	20	(EUR) 20,000,000
CREDIT SUISSE	Agent	10	(EUR) 10,000,000
CHASE NY	Agent	50	(EUR) 50,000,000

Apply

- » Enter the Legal Entity Short Name, select its Role, and enter its participation percentage. The system checks that the participation percentage for each role does not exceed 100%.
- » You may enter either a percentage or an amount and the system will automatically calculate the figure for the alternate field..

This is for information and message purposes only.

1.3 Defining Rate Conditions

Click **Rates** to define the possible rate conditions for the drawdowns associated with a Credit Facility.

You can define as many rate conditions as you like, and one default configuration per currency. When adding a new drawdown, the system proposes the default rate condition defined at the Credit Facility level for the drawdown currency. You can always override the rate conditions at drawdown level.



Currency	Is default	Is Fixed	Fixed Rat...	Rate Inde...	Index Tenor	Index Sou...	Spread(Bp)	Sales Mar...
EUR	true	false	0.0	EURIBOR	1M	T3750	25.0	0.0
EUR	false	true	2.0				0.0	0.0

1.4 Generating Confirmations and Statements

You can generate a credit facility statement using the "CreditFacilityStatement.html" template through the standard message engine process.

You can generate statements on-the-fly, or generate periodic statements.

1.4.1 Message Setup

Credit Facility Confirmation Setup

[NOTE: A Credit Facility Confirmation is generated by the standard message engine process]

Message Configuration Setup Window - Version - 0

Utilities Help

Edit Browse

Product Type	CreditFacility	Language	English
Event Type	VERIFIED_TRADE	Address Type	MAIL
Message Type	CONFIRM	Gateway	PRINTER
Processing Org	ALL	Format Type	HTML
PO Contact Type	Default	Template	CreditFacilityConfirm.html
Receiver	ALL	SD Filter	
Receiver Role	CounterParty	<input type="checkbox"/> Matching	
Rec Contact Type	Default	<input type="checkbox"/> Do not Send Message	
Grouping		<input type="checkbox"/> Inactive	

Config Id: 11001 [Delete] [Save] [Update]

ID	Product	Event	Message Type	ProcessingOrg	PO Contact Type	Receiver	R
<							>

[Duplicate] ☐ Authorization Mode [Show Pending Authorizations]

[Close]

Facility Confirmation Example

Logo

Branche 2

FRANCE
Swift: BRFRPP22

Date: June 18, 2010

To:

Address:

Our Reference: FRANCE
10018309

CreditFacility Confirmation

Dear Pierre Louis,

I am pleased to confirm the details of the following Credit Facility

Trade details:

Our Trade Number	10018309
Operation Type	CreditFacility
Instrument Description	CreditFacility/Loan/06/18/2010/06/18/2015
Trade Date	June 18, 2010

Credit Facility name	FACILITY A
Credit Facility type	FINANCING PROJECT PROGRAM
Credit Facility start date	June 18, 2010
Credit Facility end date	June 18, 2015
Credit Facility purpose	TEST
Credit Facility currency	EUR
Credit Facility limit	100,000,000.00
Credit Facility agent	CALYON
Credit Facility is Syndicated	Yes
Credit Facility is secured	Yes
Credit Facility syndicate members	

Name	Role	Percentage
CALYON	Agent	50.00%
CREDITSUISSE	Agent	15.00%
Chase Manhattan Bank - New York	Agent	15.00%
BNP Paribas	Agent	20.00%

Yours sincerely,

Branche 2

By: _____

Name: Gary Mason

Title: Coordination Project

Authorized Signatory

Accepted and confirmed as of the trade date written above: Societe Generale

By: _____

Name:

Title:

Credit Facility Statement Setup

See below for details on generating statements.

Message Configuration Setup Window - Version - 1

Utilities Help

Edit Browse

Product Type: CreditFacility
Event Type: STATEMENT_TRADE
Message Type: FACILITY_STATEMENT
Processing Org: ALL
PO Contact Type: Default
Receiver:
Receiver Role: CounterParty
Rec Contact Type: Default
Grouping:
Config Id: 10302

Language: English
Address Type: MAIL
Gateway: PRINTER
Format Type: HTML
Template: CreditFacilityStatement.html
SD Filter:
☐ Matching
☐ Do not Send Message
☐ Inactive

Delete Save Update

ID	Product	Event	Message Type	ProcessingOrg	PO Contact Type	Receiver	R
10302	CreditFacility	STATEMENT_TRADE	FACILITY_STATEMENT	ALL	Default	ALL	CU

Duplicate ☐ Authorization Mode Show Pending Authorizations

Close

Credit Facility Statement Example

From:

Date: June 21, 2010

FRANCE

Loan Credit Facility Statement - Period from Jun 1, 2010 to Jun 21, 2010

Agreement Details
Reference = 10018401

Agreement Name	Agreement Type	Agreement Purpose	Start Date	End Date	Currency	Face Value/Limit	Current Balance
FACILITY PROGRAM A1	FINANCING	TEST	June 21, 2010	June 21, 2013	EUR	100,000,000.00	95,000,000.00

Tranche Summary

Reference	Description	Start Date	End Date	Currency	Limit	Current Balance	Remaining Limit
10018402	CreditTranche/06/21/2010/06/21/2013	June 21, 2010	June 21, 2013	EUR	60,000,000.00	58,000,000.00	2,000,000.00
10018403	CreditTranche/06/21/2010/06/23/2010	June 21, 2010	June 23, 2010	EUR	35,000,000.00	0.00	35,000,000.00

Tranche 10018402 Details

Loan Position Summary at end of period

Reference	Description	Start Date	End Date	Currency	Original DrawDown	Interest Accrued	Current Rate	Current Balance	Status - Ltr
10018403	CreditDrawDown - 2.000000%	June 21, 2010	June 21, 2012	EUR	12,000,000.00	666.67	2.00000	12,000,000.00	VERIFIED
10018404	CreditDrawDown - 2.000000%	June 21, 2010	June 21, 2013	EUR	46,000,000.00	2,555.56	2.00000	46,000,000.00	VERIFIED

Interest Payments during period

Principal Movements during period

Reference	Description	Payment Date	Currency	Debit	Credit
10018404	Principal Repayment	June 21, 2010	EUR		46,000,000.00
10018403	Principal Repayment	June 21, 2010	EUR		12,000,000.00

Tranche 10018403 Details

Loan Position Summary at end of period

Interest Payments during period

Principal Movements during period

1.4.2 Generating Statements On-the-fly

Credit Facility statements are triggered by a trade event. When clicking **Generate Statement**, the user has to select the trade status triggering the statement generation (as set in the Message Setup for the product type Credit Facility), and click **Send**. This will create an ad-hoc statement from last End Date to Current Day.



The dialog box titled "Trade Status" contains a dropdown menu with "VERIFIED" selected. Below the dropdown are two buttons: "Send" and "Abort".

1.4.3 Generating Periodic Statements

Credit Facility Periodic Statements are generated via the scheduled task CREDIT_FACILITY_STATEMENT.

Task Type	CREDIT_FACILITY_STATEMENT
External Reference	
Comments	
Description	
Attempts	1
Retry After, In Minutes	0
JVM Settings	-Xms512m -Xmx1024m -XX:MaxPermSize=256m
Allow Task To	<input type="checkbox"/> Skip Execute <input type="checkbox"/> Send Emails <input type="checkbox"/> Publish Business
<div> <div>+ Common Attributes</div> <div>- Task Attributes</div> </div>	
Trade Status	STATEMENT

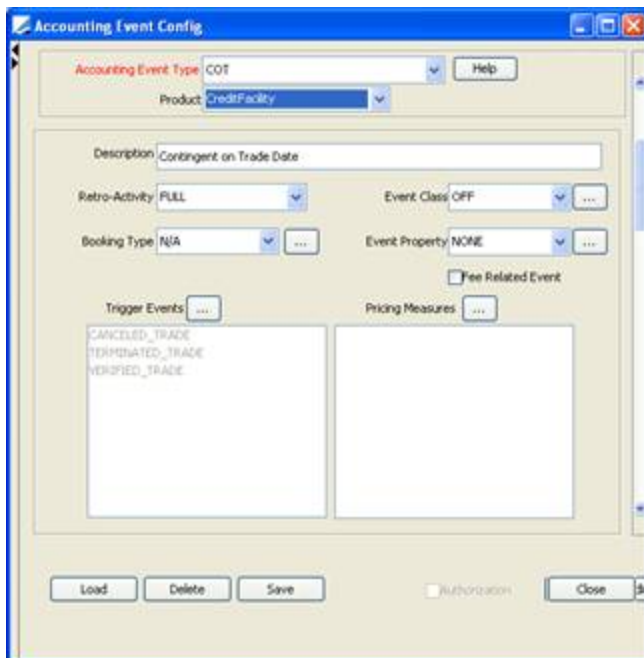
In the Scheduled Task, choose for the attribute "Trade Status", the status selected in the Message Setup to trigger the Credit Facility Statement.

With the above setup, the scheduled task sends a STATEMENT_TRADE event to trigger the Message Engine and to generate a Credit Facility Statement by FacilityId.

Please note that the pricing environment is mandatory to compute, on Statement End Date, the limit figures and pricing measures (accrual, current rate, etc.).

1.5 Accounting Events

It is possible to book the contingent facility limit on facility start date, and to reverse it on facility end date, using the COT and COT_REV accounting events.



Accounting Event Config

Accounting Event Type: COT [Help]

Product: CreditFacility

Description: Contingent on Trade Date

Retro-Activity: FULL Event Class: OFF

Booking Type: N/A Event Property: NONE

☐ Fee Related Event

Trigger Events: ...

Pricing Measures: ...

CANCELED_TRADE
TERMINATED_TRADE
VERIFIED_TRADE

Load Delete Save ☐ Authorization Close



Accounting Event Config

Accounting Event Type: COT_REV [Help]

Product: CreditFacility

Description: Contingent Reversal

Retro-Activity: FULL Event Class: OFF

Booking Type: N/A Event Property: NONE

☐ Fee Related Event

Trigger Events: ...

Pricing Measures: ...

CANCELED_TRADE
MATURED_TRADE
TERMINATED_TRADE

Load Delete Save ☐ Authorization Close

1.6 Viewing Tranche Details

Once the Credit Facility is saved, click **New Tranche** to create a tranche.

► See [Capturing Credit Tranches](#) for details.

The Tranche Details panel shows the tranches associated with a credit facility.

Tranche Details										
Trade Id	Tranche Name	CounterParty.Short Name	Start Date	End Date	Trade Currency	Limit	Drawn	Drawn (Base)	Remaining Limit	Remaining Limit (Base)
10018302	TRANCHE A	SOC GEN	06/18/2010	06/18/2015	EUR	40,000,000.00	10,000,000.00	10,000,000.00	30,000,000.00	30,000,000.00
10018303	TRANCHE B	SOC GEN	06/18/2010	06/18/2015	EUR	50,000,000.00	35,000,000.00	35,000,000.00	15,000,000.00	15,000,000.00
						90,000,000.00	45,000,000.00		45,000,000.00	

Val Date	06/18/2010	11:50:50 AM	Pricing Env	default	Price	Close
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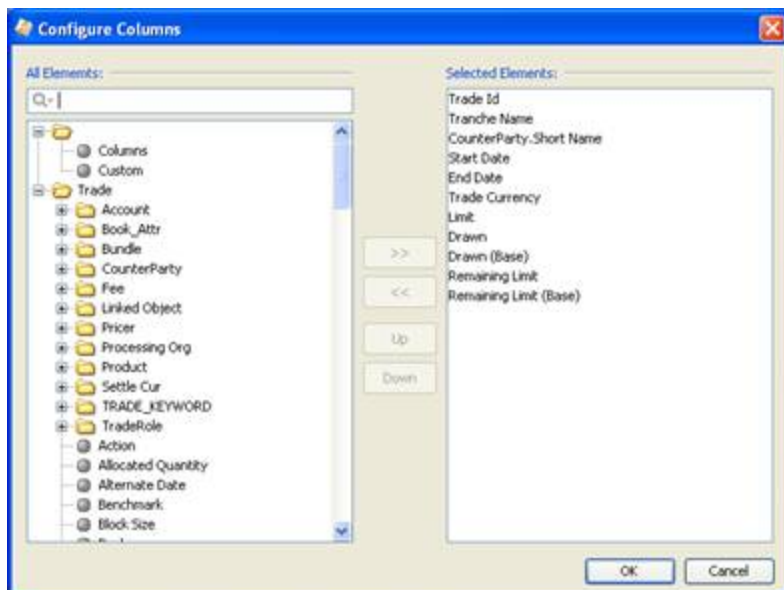
To display (or modify) a Tranche, double-click on a Tranche Details line.

Reporting capabilities are included in the Credit Facility trade screen, to give at any Val (Price) Date the status of the Facility with respect to Tranche(s) Limit, Sum of Drawdown(s) by Tranche and Tranche Remaining Limit.

As this part of the trade screen relies on the Calypso reporting framework, you can display any information/field which is available as a column.

To configure that default report, go to the Tranche Details panel, right-click and select Configure Columns.

Choose the following columns:



Then, go to Sort and sort the columns as shown below:

Choose sort columns

CounterParty.Short Name		Tranche Name	
Drawn		Trade Currency	<input checked="" type="radio"/> Asc
Drawn (Base)			<input type="radio"/> Desc
End Date			
Limit			
Remaining Limit	>>		Up
Remaining Limit (Base)			
Start Date	<<		Down
Trade Id			

☐ Case Insensitive

OK Cancel

2. Defining Credit Tranches

Credit tranches are part of a credit facility. They may have a separate start or end date, and may be dependent upon a number of business outcomes to become available. Each tranche has its own limit, and the sum of the tranche limits must not exceed the Credit Facility limit.

► See [Credit Facility](#) for details on defining credit facilities.

- The only payments at tranche level will consist of Non-Use Commissions and other types of fees (upfront and ad-hoc fees, periodic fees, etc.) - Non-Use Commission conditions (fixed commission rate, daycount, and payment frequency) are defined at the tranche level.
- There is no principal movement at the tranche level, which only materializes the agreement to make part of the facility amount available to the borrower. It is only when a drawdown occurs that a principal movement is created.
- The tranche limit is only used to compute the non-used principal for the non-use commission.
- A tranche principal reduction is handled by an action in the Actions panel. This reduces the tranche principal cashflow and affects the non-use commission computation.
- It is also possible to fully close a tranche by anticipation by doing a Termination/Closing of the tranche. Consistency checks are implemented in order to avoid closing a tranche with outstanding drawdowns. When terminating a tranche, the system generates the appropriate commissions. The commissions – when the tranche can be closed (all related drawdowns being also terminated) – is paid on closing effective date.
- Tranche currency can be different from the Credit Facility currency. When entering a tranche with a different currency, the system asks for an FX rate to be stored at tranche level to perform the limit checks with that rate.

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2.1 Sample Tranche

From the Calypso Navigator, navigate to **Trade > Money Market > Credit Facility** to bring up the Credit Facility window (menu action `trading.TradeCreditFacilityWindow`), and load a Credit Facility.

Then click **Create Tranche** to create a new tranche, or double-click a tranche from the Tranche Details to bring up the Credit Tranche window.

CreditTranche/06/18/2010/08/18/2010 - PO is Default Processing Organisation (0) - Version : 0 [140006/LAPTOP_REL...

Trade Back Office CreditTranche Cashflows Analytics Pricing Env Market Data Utilities Help

Trade Details CashFlows Fees Actions

CP CounterParty Status ID Template

Global

Tranche Details

Tranche Definition		Schedule	
Credit Facility	10430 / EUR	<input checked="" type="checkbox"/> Schedule	Setup
Tranche Name	TRANCHE A	Holidays	TARGET
Direction	Loan	Frequency	ZC
Start Date	06/18/2010	Roll Day	0
End Date	08/18/2010	Date Roll	FOLLOWING
Tranche Limit	10,000	Stub	NONE
Current Limit	0	Lag	0 Bus
Non Used	0	Period	ADJUSTED
Currency	EUR	Payment Date Rule	
Rate (%)	1		
Day Count	ACT/360		
Rounding	NEAREST		

New DrawDown Refresh DrawDowns Show Facility

2.1.1 Trade Details

The counterparty and book come from the credit facility.

Tranche Details - Tranche Definition

Fields	Description
Credit Facility	Credit Facility Trade Id to which the Tranche belongs. This is defaulted by the system when opening the Tranche window.
Tranche Name	Text Field. Tranche Name.
Direction	Loan/Deposit. Default is Loan. Deposit direction must only be used when the processing organization is user (and not provider) of the Credit Facility and, as such, must pay commission on non-used principal and interest on drawdowns. The Credit Facility Direction defaults the Tranche(s) and Drawdown(s) direction linked to that Facility.
Start Date	Start Date of the Tranche. When saving the tranche, the system checks that the Tranche Start Date is not smaller than the Credit Facility Start Date.
End Date	End Date of the Tranche. When saving the tranche, the system checks that the Tranche End Date is not greater than the Credit Facility End Date.

Fields	Description										
Tranche Limit	Part of the Credit Facility amount available to the borrower.										
Current Limit	<p>The Tranche limit can vary over the life of the Tranche.</p> <p>► See Applying Actions for details on reducing the tranche limit amount.</p> <p>This field displays the remaining tranche limit taking into account any tranche amortization. This field is compute based on the trade ValDate.</p>										
Non Used	<p>Non-Used principal for the Tranche.</p> <p>This is dynamically computed by the system on the Trade Valuation Date (Price button).</p> <p>The system computes on ValDate the Non-Used part of the Tranche based on Sum of the Drawdown(s) associated to that Tranche.</p> <p>The Non-Used principal at tranche level is used to compute the non-used commission to charge (when it is a loan) to the CounterParty.</p> <p>The daily calculation can be checked on the Tranche cashflows.</p> <p>By changing the ValDate you can price at different dates to simulate the future or check the past.</p>										
Currency	<p>Tranche Currency.</p> <p>A Tranche can be set in a different currency than the Credit Facility. When a different Tranche currency is selected, the system asks for an FX rate to be entered to perform the limit check with the Credit Facility.</p> <table border="1"> <tr> <td>Tranche Limit</td><td>40,000,000</td></tr> <tr> <td>Current Limit</td><td>40,000,000</td></tr> <tr> <td>Non Used</td><td>30,000,000</td></tr> <tr> <td>Currency</td><td>USD</td></tr> <tr> <td>FX.EUR.USD</td><td>1.23</td></tr> </table>	Tranche Limit	40,000,000	Current Limit	40,000,000	Non Used	30,000,000	Currency	USD	FX.EUR.USD	1.23
Tranche Limit	40,000,000										
Current Limit	40,000,000										
Non Used	30,000,000										
Currency	USD										
FX.EUR.USD	1.23										
Rate (%)	Non-Used Commission Rate. Only fixed rate is supported.										
Day Count	Daycount for the calculation of the commission on the non-used principal.										
Rounding	Rounding Method for the non-used commission.										

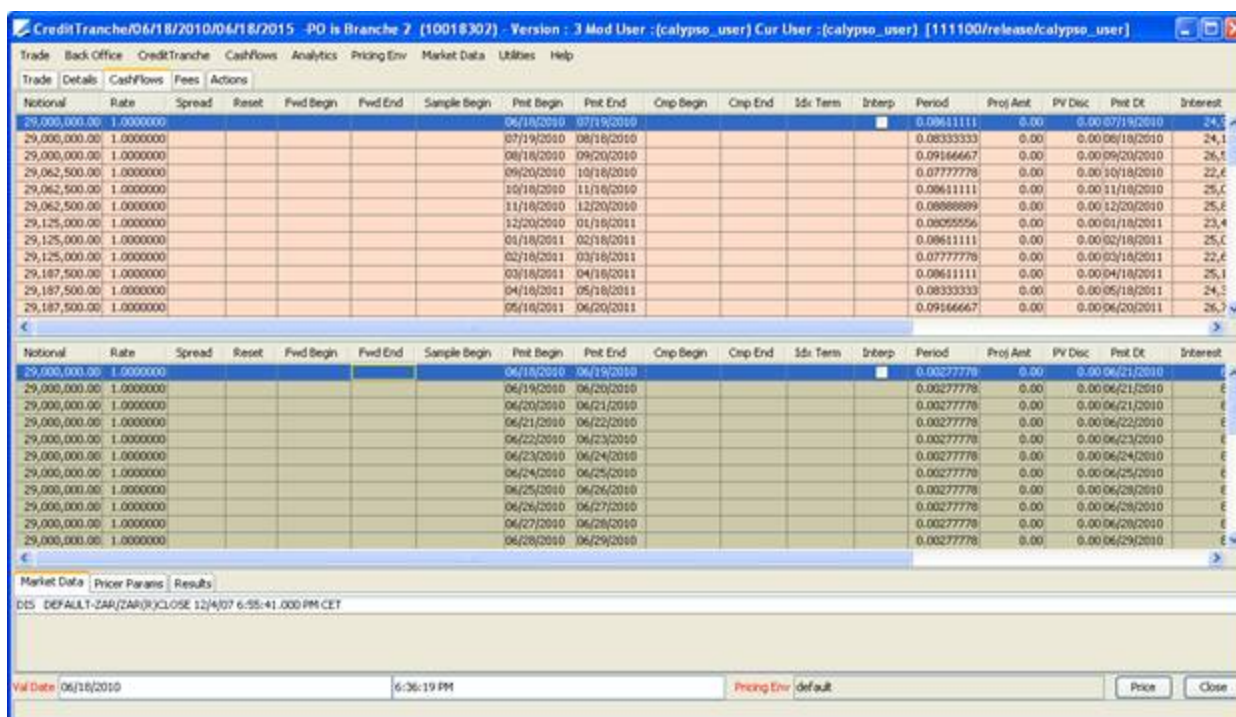
Tranche Details - Schedule

Fields	Description
Schedule	Click Setup to bring up the Cash Details dialog - Help is available from that window. It allows setting specific payment conditions if needed.
Holidays	Select a payment holiday calendar. This calendar is used to determine the tranche End and Payment Dates, based on Frequency, RollDay, DateRoll, Stub and Lag conventions defined for that Tranche.
Frequency	Non-Used Commission Payment Frequency.

Fields	Description
	You can select a payment date rule instead. See below.
Roll Day	Roll Day used for the cashflow generation.
Date Roll	Date Roll used for the cashflow generation.
Stub	Stub used for the cashflow generation.
Lag	Lag used to compute the Payment Date.
Period	Possible values are: ADJUSTED, FRN, UNADJUSTED, MAT_UNADJUSTED used to determined the tranche End Date.
Payment Date Rule	You can select a payment date rule instead of the frequency to generate the cashflows.

2.1.2 Credit Tranche CashFlows

Select the Cashflows panel to display the cashflows.



National	Rate	Spread	Reset	Fwd Begin	Fwd End	Sample Begin	Post Begin	Post End	Cmp Begin	Cmp End	Sdx Term	Interp	Period	Proj Amt	PV Disc	Post Dt	Interest
29,000,000.00	1.0000000						06/18/2010	07/19/2010					0.00611111	0.00	0.00	07/19/2010	24.1
29,000,000.00	1.0000000						07/19/2010	08/18/2010					0.08333333	0.00	0.00	08/18/2010	24.1
29,000,000.00	1.0000000						08/18/2010	09/20/2010					0.09166667	0.00	0.00	09/20/2010	26.1
29,062,500.00	1.0000000						09/20/2010	10/18/2010					0.07777778	0.00	0.00	10/18/2010	22.6
29,062,500.00	1.0000000						10/18/2010	11/18/2010					0.00611111	0.00	0.00	11/18/2010	25.0
29,062,500.00	1.0000000						11/18/2010	12/20/2010					0.00888889	0.00	0.00	12/20/2010	25.8
29,125,000.00	1.0000000						12/20/2010	01/18/2011					0.00555556	0.00	0.00	01/18/2011	23.4
29,125,000.00	1.0000000						01/18/2011	02/18/2011					0.00611111	0.00	0.00	02/18/2011	25.0
29,125,000.00	1.0000000						02/18/2011	03/18/2011					0.07777778	0.00	0.00	03/18/2011	22.6
29,187,500.00	1.0000000						03/18/2011	04/18/2011					0.00611111	0.00	0.00	04/18/2011	25.1
29,187,500.00	1.0000000						04/18/2011	05/18/2011					0.08333333	0.00	0.00	05/18/2011	24.3
29,187,500.00	1.0000000						05/18/2011	06/20/2011					0.09166667	0.00	0.00	06/20/2011	26.3

National	Rate	Spread	Reset	Fwd Begin	Fwd End	Sample Begin	Post Begin	Post End	Cmp Begin	Cmp End	Sdx Term	Interp	Period	Proj Amt	PV Disc	Post Dt	Interest
29,000,000.00	1.0000000						06/18/2010	06/19/2010					0.00277778	0.00	0.00	06/21/2010	1.0
29,000,000.00	1.0000000						06/19/2010	06/20/2010					0.00277778	0.00	0.00	06/21/2010	1.0
29,000,000.00	1.0000000						06/20/2010	06/21/2010					0.00277778	0.00	0.00	06/22/2010	1.0
29,000,000.00	1.0000000						06/21/2010	06/22/2010					0.00277778	0.00	0.00	06/23/2010	1.0
29,000,000.00	1.0000000						06/22/2010	06/23/2010					0.00277778	0.00	0.00	06/24/2010	1.0
29,000,000.00	1.0000000						06/23/2010	06/24/2010					0.00277778	0.00	0.00	06/25/2010	1.0
29,000,000.00	1.0000000						06/24/2010	06/25/2010					0.00277778	0.00	0.00	06/26/2010	1.0
29,000,000.00	1.0000000						06/25/2010	06/26/2010					0.00277778	0.00	0.00	06/27/2010	1.0
29,000,000.00	1.0000000						06/26/2010	06/27/2010					0.00277778	0.00	0.00	06/28/2010	1.0
29,000,000.00	1.0000000						06/27/2010	06/28/2010					0.00277778	0.00	0.00	06/29/2010	1.0
29,000,000.00	1.0000000						06/28/2010	06/29/2010					0.00277778	0.00	0.00	06/29/2010	1.0

Market Data | Prices Params | Results

DE: DEFAULT-ZAR(ZAR/RX)CLOSE 12/4/07 6:55:41.000 PM CET

Val Date: 06/18/2010 6:36:19 PM Pricing Env: default Price Close

The Credit Tranche cashflows are made of two parts:

- The top panel shows the cashflow summary with the average non-used principal over the cashflow period. You can double-click a cashflow period to display its details in the bottom panel.
- The bottom panel shows the daily non-used principal and computed daily non-used commission (interest) used to trigger the NON_USE_COMMISSION transfer generation at payment date (based on the Tranche payment characteristics).

2.1.3 Credit Tranche Transfer Generation Process

NON_USE_COMMISSION transfers are associated to the tranche component of the Credit Facility.

The tranche product/trade is created to compute the non-used principal (see cashflows above) and, based on this (daily) non-used principal, calculates the non-used commission to be paid according to the tranche Payment Frequency.

As the tranche has a maturity, Calypso does not generate in advance the NON_USE_COMMISSION transfers for the complete life of the tranche. This avoids creating n NON_USE_COMMISSION transfers that are canceled and recreated as soon as the non-used principal of the tranche changes, following a drawdown action.

Thus, NON_USE_COMMISSION transfers are generated by the scheduled task OPEN_MATURITYPROCESS.

- 1 business day before the non used commission payment date
- Provided the scheduled task attribute "Include Product With Maturity" is set to true

Please note that the non-used commission generation process is based on system date (current date), not ValDate of the scheduled task.

Task Type	OPEN_MATURITYPROCESS		
External Reference			
Comments			
Description			
Attempts	1		
Retry After, In Minutes	0		
JVM Settings	-Xms512m -Xmx1024m -XX:MaxPermSize=256m		
Allow Task To	<input type="checkbox"/> Skip Execute	<input type="checkbox"/> Send Emails	<input type="checkbox"/> Publish Business
+ Common Attributes			
- Task Attributes			
Engines			
Include Product With Maturity	true		
EVENTS_PER_PUBLISH			
Use PSEventArray			
EVENTS_PER_ARRAY			
Page Size			

Notice days can be added to the transfer generation of Credit Tranches using the pricing parameter TRANCHE_NOTICE_DAYS. Default is 1.

2.2 Generating Confirmations

You can generate a confirmation for a Credit Tranche using the "CreditTrancheConfirm.html" template through the standard message engine process.

Message Setup

Message Configuration Setup Window - Version - 0

Utilities Help

Edit Browse

Product Type: CreditTranche
Event Type: VERIFIED_TRADE
Message Type: CONFIRM
Processing Org: ALL
PO Contact Type: Default
Receiver: ALL
Receiver Role: CounterParty
Rec Contact Type: Default
Grouping:
Config Id: 11101

Language: English
Address Type: FAX
Gateway: PRINTER
Format Type: HTML
Template: CreditTrancheConfirm.html
SD Filter:
☐ Matching
☐ Do not Send Message
☐ Inactive

Delete Save Update

Id	Product	Event	Message Type	ProcessingOrg	PO Contact Type	Receiver	Receiver Role
11101	CreditTranche	VERIFIED_TRADE	CONFIRM	ALL	Default	ALL	CounterParty
11102	CreditTranche	CANCELED_TRADE	CONFIRM	ALL	Default	ALL	CounterParty

Duplicate ☐ Authorization Mode Show Pending Authorizations

Close

Sample Confirmation

Log

EAGS1
Edurne Munoz
Willy Messersmith Strasse Osttor
Munich
GERMANY
Swift: EAGSDE33

Date: June 21, 2010
To: Societe Generale
Address: 30 rue des Testa
Paris 75002
FRANCE
Our Reference: 10018402

CreditTranche Confirmation

Dear Pierre Louis,

I am pleased to confirm the details of the following Credit Tranche (Loan):

Trade details:

Our Trade Number	10018402
Credit Facility id	10018401
Credit Tranche name	TRANCHE A1
Instrument Description	CreditTranche06/21/2010/06/21/2013
Lender	EAGS1
Borrower	Societe Generale
Trade Date	June 21, 2010
Credit Tranche limit	-60,000,000.00
Credit Tranche currency	EUR
Rate type	Fixed
Rate	1%
Start Date	Jun 21, 2010
End Date	Jun 21, 2013
Rounding	NEAREST
Holidays	[EUR]
Frequency	Monthly
Amortizing	Custom
Date Roll	Following
Stub	NONE
Lap/Period	0 Bus

2.3 Applying Actions

2.3.1 Tranche Limit Reduction

It is possible to reduce the Tranche Limit Amount by applying an action type Principal on that Tranche. Depending on the direction (Loan/Deposit), the Tranche Reduction Amount will be entered as a positive or negative amount.

Select the Actions panel, and select the action type "Principal".

- » Enter the Principal Reduction Amount (positive to reduce a Loan tranche, or negative to reduce a Deposit tranche).
- » Enter the Trade Date and Effective Date.
- » Click **Add**, then save the trade.

You can see the results of the Tranche reduction action in the tranche cashflows, or by pricing the trade using Valdate = Tranche Principal Action date.

An example is presented below: Tranche Limit Amount on June 23rd 2010 is EUR 2,000,000.00 as shown in the tranche cashflows below.

CreditTranche/06/21/2010/04/21/2013 - PD is (AD51 (10018402) - Version : 3 Mod User : [calypso_user] Cur User : [calypso_user] [111100/release/calypso_user]

Trade Back Office CreditTranche Cashflows Analytics Pricing Env Market Data Utilities Help

Trade Details Cashflows Fees Actions

National	Rate	Spread	Reset	Fwd Begin	Fwd End	Sample Begin	Post Begin	Post End	Cmp Begin	Cmp End	Sdc Term	Interp	Period	Proj Amt	PV Disc	Post Dt	Interest A
2,000,000.00	1.00000000					06/21/2010	07/21/2010						0.08333333	0.00	0.00	07/21/2010	1.4
2,000,000.00	1.00000000					07/21/2010	08/23/2010						0.09166667	0.00	0.00	08/23/2010	1.4
2,000,000.00	1.00000000					08/23/2010	09/21/2010						0.08055556	0.00	0.00	09/21/2010	1.4
2,000,000.00	1.00000000					09/21/2010	10/21/2010						0.08333333	0.00	0.00	10/21/2010	1.4
2,000,000.00	1.00000000					10/21/2010	11/22/2010						0.08888889	0.00	0.00	11/22/2010	1.3
2,000,000.00	1.00000000					11/22/2010	12/21/2010						0.08055556	0.00	0.00	12/21/2010	1.4
2,000,000.00	1.00000000					12/21/2010	01/21/2011						0.08611111	0.00	0.00	01/21/2011	1.3
2,000,000.00	1.00000000					01/21/2011	02/21/2011						0.08611111	0.00	0.00	02/21/2011	1.3
2,000,000.00	1.00000000					02/21/2011	03/21/2011						0.07777778	0.00	0.00	03/21/2011	1.4
2,000,000.00	1.00000000					03/21/2011	04/21/2011						0.08611111	0.00	0.00	04/21/2011	1.3
2,000,000.00	1.00000000					04/21/2011	05/23/2011						0.08888889	0.00	0.00	05/23/2011	1.3
2,000,000.00	1.00000000					05/23/2011	06/21/2011						0.08055556	0.00	0.00	06/21/2011	1.4

Market Data Pricing Params Results

DIS DEFAULT-ZAR(ZAR)(X)CLOSE 12/4/07 6:55:41.000 PM CET

Val Date: 06/21/2010 8:12:13 AM Pricing Env: default Price Close

Enter a Principal reduction of EUR 500,000.00 on June 23rd through a Principal action, as shown below:

CreditTranche/06/21/2010/04/21/2013 - PD is (AD51 (10018402) - Version : 3 Mod User : [calypso_user] Cur User : [calypso_user] [111100/release/calypso_user]

Trade Back Office CreditTranche Cashflows Analytics Pricing Env Market Data Utilities Help

Trade Details Cashflows Fees Actions

New Action

Action: Principal Action National: 0 Price: 0.080000 Call Price: Call Quantity: Call Period: Forward:

Agreement Date: 06/21/2010 Effective Date: 06/21/2010 Interest CleanUp: ☐ External Ref: Comment:

Add Add/Review

Action History

Internal Reference	Action	Action Amount	Action National	Action National Total	Effective Date	Creation Date	Cancelled
10010404	Initial Loan		-60,000,000.00	-60,000,000.00	06/21/2010		
10010405	Principal	46,000,000	-46,000,000.00	-2,000,000.00	06/21/2010	6/21/10 8:06:26.000 AM C...	
10010405	Principal	12,000,000	-12,000,000.00	-2,000,000.00	06/21/2010	6/21/10 8:07:33.437 AM C...	
10010405	Principal	500,000	-500,000.00	-1,500,000.00	06/23/2010	6/21/10 8:12:57.562 AM C...	
10010405	Principal	-12,000,000	-12,000,000.00	-13,500,000.00	06/21/2012	6/21/10 8:07:33.437 AM C...	
10010404	Principal	-46,000,000	-46,000,000.00	-13,500,000.00	06/21/2013	6/21/10 8:06:26.000 AM C...	
	Closing Loan		59,500,000.00	0.00	06/21/2013		

☐ Display cancellation activity Remove

Market Data Pricing Params Results

DIS DEFAULT-ZAR(ZAR)(X)CLOSE 12/4/07 6:55:41.000 PM CET

Val Date: 06/21/2010 8:12:13 AM Pricing Env: default Price Close

Resulting cashflows take into account the principal reduction of the tranche limit amount from June 23rd, as shown below in the Tranche cashflows:

CreditTranche/06/21/2010/04/21/2013 PO is (AD51 (10018402) Version : 4 Mod User : [calypso_user] Cur User : [calypso_user] [111100/release/calypso_user]

Trade Back Office CreditTranche CashFlows Analytics Pricing Env Market Data Utilities Help

Trade Details CashFlows Fees Actions

National	Rate	Spread	Reset	Pwd Begin	Pwd End	Sample Begin	Post Begin	Post End	Cmp Begin	Cmp End	Sdc Term	Interp	Period	Proj Amt	PV Disc	Post Dt	Interest
1,533,333.33	1.00000000						06/21/2010	07/21/2010					0.08333333	0.00	0.00	07/21/2010	1.2
1,500,000.00	1.00000000						07/21/2010	08/23/2010					0.09166667	0.00	0.00	08/23/2010	1.2
1,500,000.00	1.00000000						08/23/2010	09/21/2010					0.08055556	0.00	0.00	09/21/2010	1.2
1,500,000.00	1.00000000						09/21/2010	10/21/2010					0.08333333	0.00	0.00	10/21/2010	1.2
1,500,000.00	1.00000000						10/21/2010	11/22/2010					0.08888889	0.00	0.00	11/22/2010	1.2
1,500,000.00	1.00000000						11/22/2010	12/21/2010					0.08555556	0.00	0.00	12/21/2010	1.2
1,500,000.00	1.00000000						12/21/2010	01/21/2011					0.08611111	0.00	0.00	01/21/2011	1.2
1,500,000.00	1.00000000						01/21/2011	02/21/2011					0.08611111	0.00	0.00	02/21/2011	1.2
1,500,000.00	1.00000000						02/21/2011	03/21/2011					0.07777778	0.00	0.00	03/21/2011	1.1
1,500,000.00	1.00000000						03/21/2011	04/21/2011					0.08611111	0.00	0.00	04/21/2011	1.2
1,500,000.00	1.00000000						04/21/2011	05/23/2011					0.08888889	0.00	0.00	05/23/2011	1.2
1,500,000.00	1.00000000						05/23/2011	06/21/2011					0.08555556	0.00	0.00	06/21/2011	1.2

National	Rate	Spread	Reset	Pwd Begin	Pwd End	Sample Begin	Post Begin	Post End	Cmp Begin	Cmp End	Sdc Term	Interp	Period	Proj Amt	PV Disc	Post Dt	Interest
2,000,000.00	1.00000000						06/21/2010	06/22/2010					0.00277778	0.00	0.00	06/22/2010	1
2,000,000.00	1.00000000						06/22/2010	06/23/2010					0.00277778	0.00	0.00	06/23/2010	1
1,500,000.00	1.00000000						06/23/2010	06/24/2010					0.00277778	0.00	0.00	06/24/2010	4
1,500,000.00	1.00000000						06/24/2010	06/25/2010					0.00277778	0.00	0.00	06/25/2010	4
1,500,000.00	1.00000000						06/25/2010	06/26/2010					0.00277778	0.00	0.00	06/26/2010	4
1,500,000.00	1.00000000						06/26/2010	06/27/2010					0.00277778	0.00	0.00	06/27/2010	4
1,500,000.00	1.00000000						06/27/2010	06/28/2010					0.00277778	0.00	0.00	06/28/2010	4
1,500,000.00	1.00000000						06/28/2010	06/29/2010					0.00277778	0.00	0.00	06/29/2010	4
1,500,000.00	1.00000000						06/29/2010	06/30/2010					0.00277778	0.00	0.00	06/30/2010	4
1,500,000.00	1.00000000						06/30/2010	07/01/2010					0.00277778	0.00	0.00	07/01/2010	4
1,500,000.00	1.00000000						07/01/2010	07/02/2010					0.00277778	0.00	0.00	07/02/2010	4

Market Data Price Params Results

DES DEFAULT-ZAR(ZAR/RX)CLOSE 12/4/07 6:55:41.000 PM CET

Val Date: 06/21/2010 8:12:13 AM Pricing Env: default Price Close

Trade saved 10018402

2.3.2 Tranche Early Termination

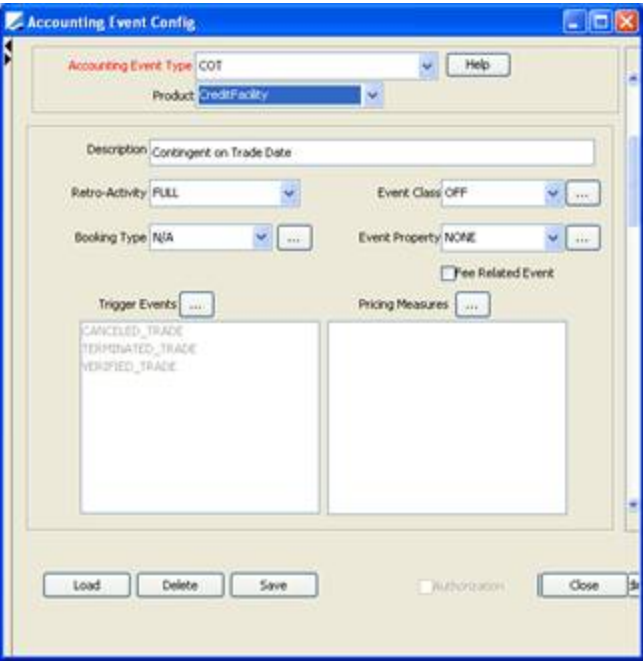

Choose **Back Office > Termination** - Help is available from that window.

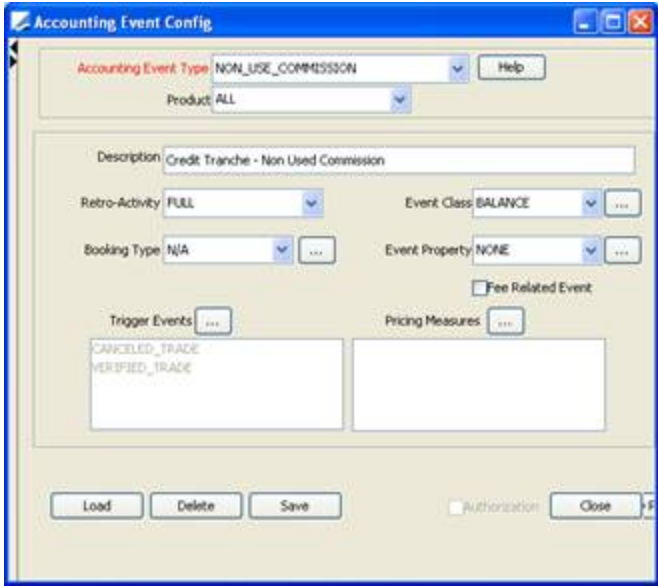

When terminating a Credit Tranche, the system performs consistency checks in order to forbid a tranche closing if drawdowns are still active on the Tranche. The system applies a TERMINATE action on the Credit Tranche component with End Date = Termination Date, and cleaning all transfers and postings that could have been generated after that date.

2.4 Credit Tranche Accounting Events

The following accounting events are available for Credit Tranches.

Accounting Events	Description
COT	Book the Credit Tranche Limit Amount on Tranche Trade Date.

Accounting Events	Description
	
COT_REV	<p>Book the Credit Tranche Reduction of the Limit Amount on Action Date, when a drawdown action impacts the non-used amount of the tranche (booking of a new drawdown, partial termination, merge/split of drawdowns, rollover of drawdown, amortization, tranche reduction).</p> <p>COT and COT_REV, when used, allow booking the Credit Tranche non-used principal.</p> 
NON_USE_COMMISSION	Book the amount of the Credit Tranche non-used commission.

Accounting Events	Description
	<p>This is generated one business day before payment date by the scheduled task OPEN_MATURITYPROCESS.</p> 
NON_USE_COMMISSION_ACCCRUAL	<p>Book the accrual part of the non-used commission. This is an Inventory Accounting Event, triggered by a Trade Valuation event generated by the scheduled task EOD_TRADE_VALUATION.</p> 

2.5 Viewing Drawdown Details

Once the Tranche is saved, click **New DrawDown** to create a drawdown- See [Capturing DrawDowns](#) for details.

The DrawDown Details panel shows the drawdowns associated with a tranche.

Trade Id	Trade Currency	CounterParty.Short Name	Start Date	End Date	Limit	Limit (Base)	Pricer.ACCRUAL_FIRST	Pricer.CURRENT_NOTIONAL	Pricer.CURRENT_RATE
10018307	EUR	SOC GEN	06/18/2010	06/18/2014	1,000,000.00	1,000,000.00	55.56	(1,000,000.00)	2.00000
10018304	EUR	SOC GEN	06/18/2010	06/18/2015	10,000,000.00	10,000,000.00	555.56	(10,000,000.00)	2.00000
					11,000,000.00				

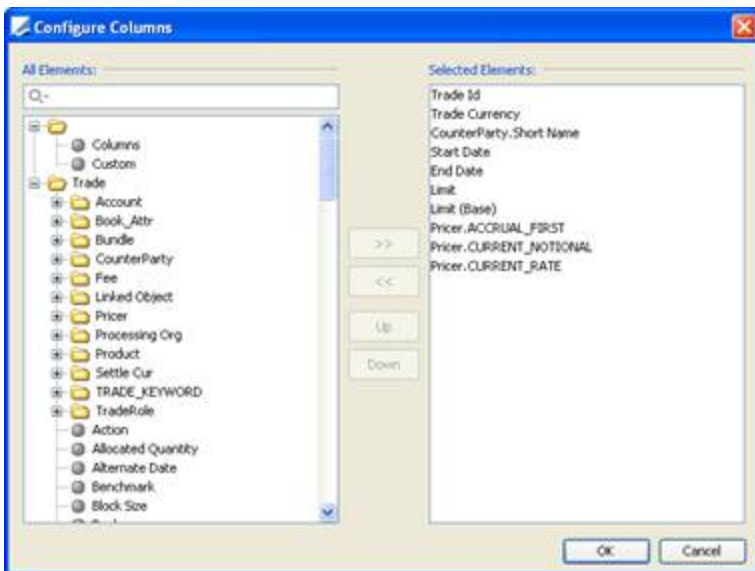
To display (or modify) an existing drawdown, double-click on a drawdown line from the drawdown details.

Reporting capabilities are included in the Credit Tranche trade screen, to give at any Val (Price) Date the details of the DrawDown(s) Amounts for that Tranche. This is also used to dynamically compute the Tranche Non Used displayed in the Tranche Definition panel.

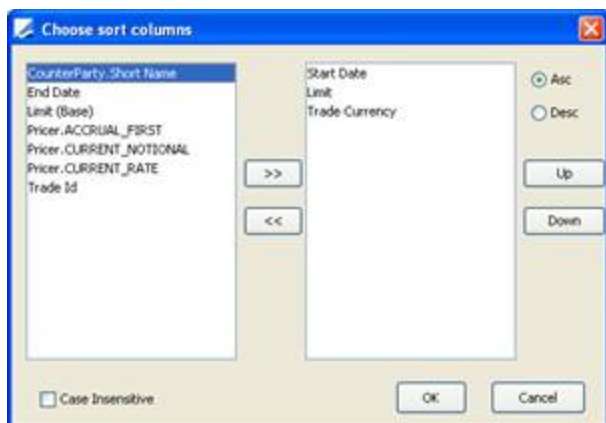
As this part of the trade screen relies on the Calypso reporting framework, you can display any information/field which is available as a column. In the example above, we also display the pricing measure ACCRUAL_FIRST (drawdown accrual at ValDate), CURRENT_NOTIONAL (as principal of the drawdown can change over its life) and CURRENT_RATE (as drawdown rate can change over its life).

To configure that default report, go to the Drawdown Details panel, right-click and select Configure Columns. Then select the sort and save your template as default.

Choose the following columns:



Then, go to Sort and sort the columns as shown below:



2.5.1 Splitting Drawdowns

You can split a drawdown into multiple drawdowns.

Select a drawdown from the Drawdown Details and choose **Credit Tranche > Split Drawdown**.

The system only allows splitting drawdowns on Credit Facility payment date. The Split Date is determined by the trade ValDate (07/21/2010 in the example below).

CreditTranche/06/01/2011/10/07/2011 -PO is Default Processing Organisation (2280) - Version : 4 Mod User : (calypso_user) [1...]

Trade Back Office **CreditTranche** Cashflows Analytics Pricing Env Market Data Utilities Help

Trade Details Cash CP17 Sales

CounterParty Status PRICING ID 2280 Template NONE

Tranche Details

Tranche Definition

Credit Facility

Tranche Name

Direction

Start Date 06/01/2011

End Date 10/07/2011

Tranche Limit 100,000

Current Limit 95,000

Non Used 10,000

Currency USD

Rate (%) 1.95

Day Count ACT/360

Rounding NEAREST

Schedule

Schedule Setup

Holidays NYC

Frequency DLY

Roll Day 0

Date Roll FOLLOWING

Stub NONE

Lag 0 Bus

Period ADJUSTED

New DrawDown Refresh DrawDowns Show Facility

DrawDown Details

Trade Id	Start Date	End Date	Trade Currency	Limit	Limit (Base)
			Trade Currency: USD		
2281	06/01/2011	06/03/2011	USD	20,000.00	20,000.00
2282	06/01/2011	07/01/2011	USD	25,000.00	25,000.00
2289	06/01/2011	06/22/2011	USD	15,000.00	15,000.00
				60,000.00	
					60,000.00

Market Data Pricer Params Results

DIS ZC USD Libor 3M/6M/USD(R)CLOSE 5/19/11 1:28:55.000 PM PDT

Val Date 06/02/2011 1:52:14 PM Pricing Env INTRADAY Price Close

The Split window is displayed.

Credit DrawDown Split Panel - Split Date=06/02/2011 - Tranche Id=2275 (User: calypso_user)

To be split

Id	Start Date	End Date	Tranche Currency	Currency	Is Fixed Rate	Rate	DrawDown Amount	Description
2289	06/01/2011	06/22/2011	EUR	USD		3.530000%	-15,000	Trade Id: 2289

Main Menu
Split

Resulted Splits

Id	Start Date	End Date	Tranche Currency	Currency	Is Fixed Rate	Rate	DrawDown Amount	Description
----	------------	----------	------------------	----------	---------------	------	-----------------	-------------

Apply Cancel

- » Right-click the drawdown to split and choose "Split".

The Create Split Window allows specifying the split amount, split rate (could change to a new fixed rate, a new floating/spread, or a fixed to floating, etc.).

Create Split for Trade Id: 2289

Definition	
Credit Facility	2279 / EUR
Direction	Loan
Credit Tranche	2280 / EUR
Start Date	06/01/2011
End Date	06/22/2011
DrawDown Amount	15,000
Currency	USD
FX.USD.EUR	0
Day Count	ACT/360
Rounding	NEAREST
Sales Margin (Bp)	25
Final Rate (%)	2.57
Discount Method	NONE
<input checked="" type="checkbox"/> Compound Method	None
Default Rate	Setup
<input type="checkbox"/> Rate Type	Fixed Rate
Rate (%)	2.32
Parameters	Setup

Payment Schedule	
<input type="checkbox"/> Schedule	Setup
Holidays	NYC
Frequency	DLY
Roll Day	0
Date Roll	FOLLOWING
Stub	NONE
Lag	0 Bus
Period	ADJUSTED
<input type="checkbox"/> Amortizing	Setup
Amortizing Type	Bullet

Apply

Cancel

Click **Apply** when you are done.

The system computes the remaining amount to split, as shown below:

Credit DrawDown Split Panel - Split Date=06/02/2011 - Tranche Id=2275 (User: calypso_user)

To be split

Id	Start Date	End Date	Tranche Currency	Currency	Is Fixed Rate	Rate	DrawDown Amount	Description
2289	06/01/2011	06/22/2011	EUR	USD	<input checked="" type="checkbox"/>	2.570000%	-4,000	Trade Id: 2289

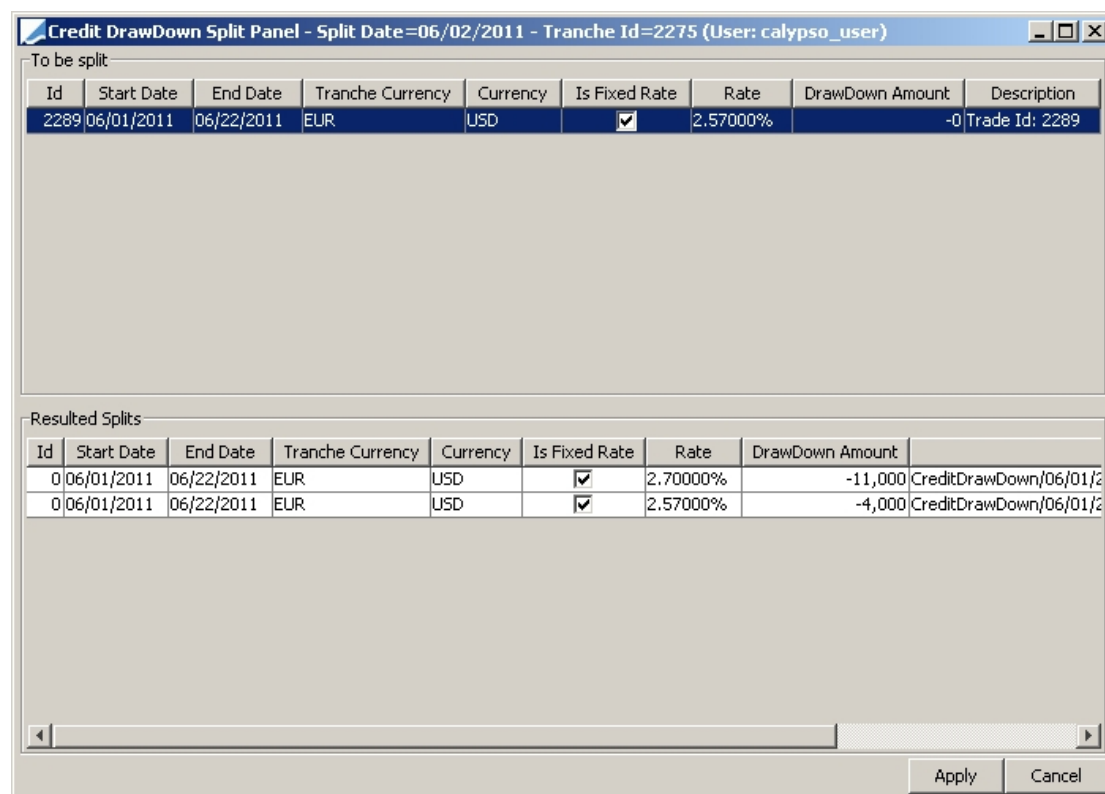
Resulted Splits

Id	Start Date	End Date	Tranche Currency	Currency	Is Fixed Rate	Rate	DrawDown Amount	Description
0	06/01/2011	06/22/2011	EUR	USD	<input checked="" type="checkbox"/>	2.700000%	-11,000	CreditDrawDown/06/01/2

Apply

Cancel

Repeat for other splits as needed.



Credit DrawDown Split Panel - Split Date=06/02/2011 - Tranche Id=2275 (User: calypso_user)									
To be split									
Id	Start Date	End Date	Tranche Currency	Currency	Is Fixed Rate	Rate	DrawDown Amount	Description	
2289	06/01/2011	06/22/2011	EUR	USD	<input checked="" type="checkbox"/>	2.57000%	-0	Trade Id: 2289	

Resulted Splits									
Id	Start Date	End Date	Tranche Currency	Currency	Is Fixed Rate	Rate	DrawDown Amount	Description	
0	06/01/2011	06/22/2011	EUR	USD	<input checked="" type="checkbox"/>	2.70000%	-11,000	CreditDrawDown/06/01/2	
0	06/01/2011	06/22/2011	EUR	USD	<input checked="" type="checkbox"/>	2.57000%	-4,000	CreditDrawDown/06/01/2	

- » Click **Apply** when you are done splitting the full amount.

The Split applies a Full Termination on the drawdown on split effective date, and creates new drawdown trades with the split characteristics. All these trades are linked.

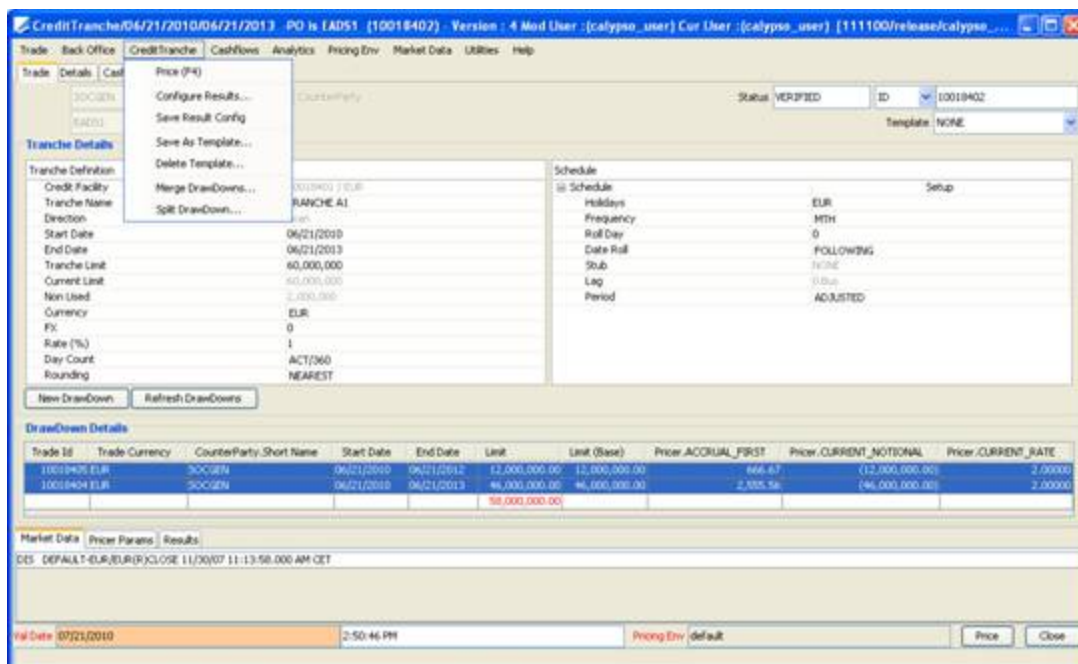
2.5.2 Merging Drawdowns

You can merge multiple drawdowns into one.

Select multiple drawdowns from the Drawdown Details and choose **Credit Tranche > Merge Drawdown**.

The Merge Date is determined by the trade ValDate (07/21/2010 in the example below).

The system only allows merging drawdowns on Credit Facility payment date, having the same rate, amortization and start-end dates characteristics.



The screenshot shows the 'CreditTranche' window in Nasdaq Calypso. The 'Trade' menu is open, and the 'Merge DrawDowns...' option is selected. The window displays details for a trade with ID 10018402, including a 'Tranche Definition' section with fields like 'Tranche Name', 'Start Date', 'End Date', 'Tranche Limit', 'Current Limit', 'Non Used', 'Currency', 'FX', 'Rate (%)', 'Day Count', and 'Rounding'. The 'Schedule' section shows 'Holidays', 'Frequency', 'Roll Day', 'Date Roll', 'Stub', 'Lag', and 'Period'. The 'DrawDown Details' table lists multiple drawdowns with columns for 'Trade ID', 'Trade Currency', 'CounterParty Short Name', 'Start Date', 'End Date', 'Limit', 'Limit (Base)', 'Price/ACCRUAL_FIRST', 'Price/CURRENT_NOTIONAL', and 'Price/CURRENT_RATE'. The table shows three drawdowns with a total limit of 100,000,000.00.

Trade ID	Trade Currency	CounterParty Short Name	Start Date	End Date	Limit	Limit (Base)	Price/ACCRUAL_FIRST	Price/CURRENT_NOTIONAL	Price/CURRENT_RATE
10018402 EUR	EUR	SOCCEN	06/21/2010	06/21/2012	12,000,000.00	12,000,000.00	466.67	(12,000,000.00)	2.00000
10018404 EUR	EUR	SOCCEN	06/21/2010	06/21/2013	46,000,000.00	46,000,000.00	2,355.56	(46,000,000.00)	2.00000
					100,000,000.00				

When merging drawdowns, the system fully terminates the merged drawdowns and create a new – linked – drawdown with the same financial terms and principal = sum of merged drawdown amounts.

2.5.3 Rolling Over a Drawdown

A drawdown can be rolled over from the DrawDown window by selecting **CreditDrawDown > Rollover**.

Rolling over a drawdown functions in the same way as rolling over any other type of trade.

► For detailed information on Rollovers, refer to Rollover in the Trade Lifecycle documentation.

3. Capturing DrawDowns

A **drawdown** is, in effect, a (flexible) loan within a tranche of a Credit Facility. It is the agreement to use part, or the totality of the tranche amount. All principal movements/transfers are attached to the drawdown and reported on the tranche.

► See [Credit Facility](#) for details on defining credit facilities.

A tranche can have several active drawdowns.

Each drawdown in the tranche can start or end on a different date (as long as it is within the start and end dates of the tranche); and have different interest rate, basis, rate set period or calculation rules. The sum of the drawdowns must not exceed the tranche limit.

A drawdown may also allow Principal Payments – either defined upfront as an Amortization Schedule, or made on an ad hoc basis throughout its lifetime (partial termination).

Similarly to other Calypso products, the interest options defined on the drawdown and the principal payments drive the cashflows which, in turn, are used to create transfers, for settlement of interest and principal.

Additional fees (withholding tax, drawdown upfront fee, drawdown periodic fees...) can also be attached to a drawdown and generate transfers.

Rate Conditions

- Possibility to choose between rate types: fix, floating (rate index and spread)
- When choosing the currency, the system defaults the rate conditions to the default rate condition defined at facility level for that currency. The user can override it at drawdown level.
- Possibility to apply a rate change action on a fixed rate. If a rate schedule exists and the user applies a rate change, the system will consider the new value set through the rate change as applicable for the remaining life of the loan/deposit, this value overriding the variable schedule.
- On a floating rate, possibility to apply a spread change action. There again, if a spread schedule exists and the user applies a spread change, the system will consider the new value set through the spread change as applicable for the remaining life of the loan/deposit, this value overriding the variable spread schedule.
- All standard rate conditions available today on the Cash product are available for a drawdown, except that there is no capitalization.

Principal Movements

- Possibility to define an amortization schedule, when amortization rules are predefined.
- Ad-hoc principal changes are handled as **partial terminations**.
- Each time a principal movement impacts a drawdown (start date, end date, amortization, partial termination, etc.) a principal action is saved on the related tranche to compute the non-used principal impacted by this change.
- For each principal change, the system performs the consistency checks again, and does not allow saving a change if the sum of existing drawdowns exceeds the new tranche limit.
- A drawdown can be in a different currency than the tranche (and credit facility).

Contents

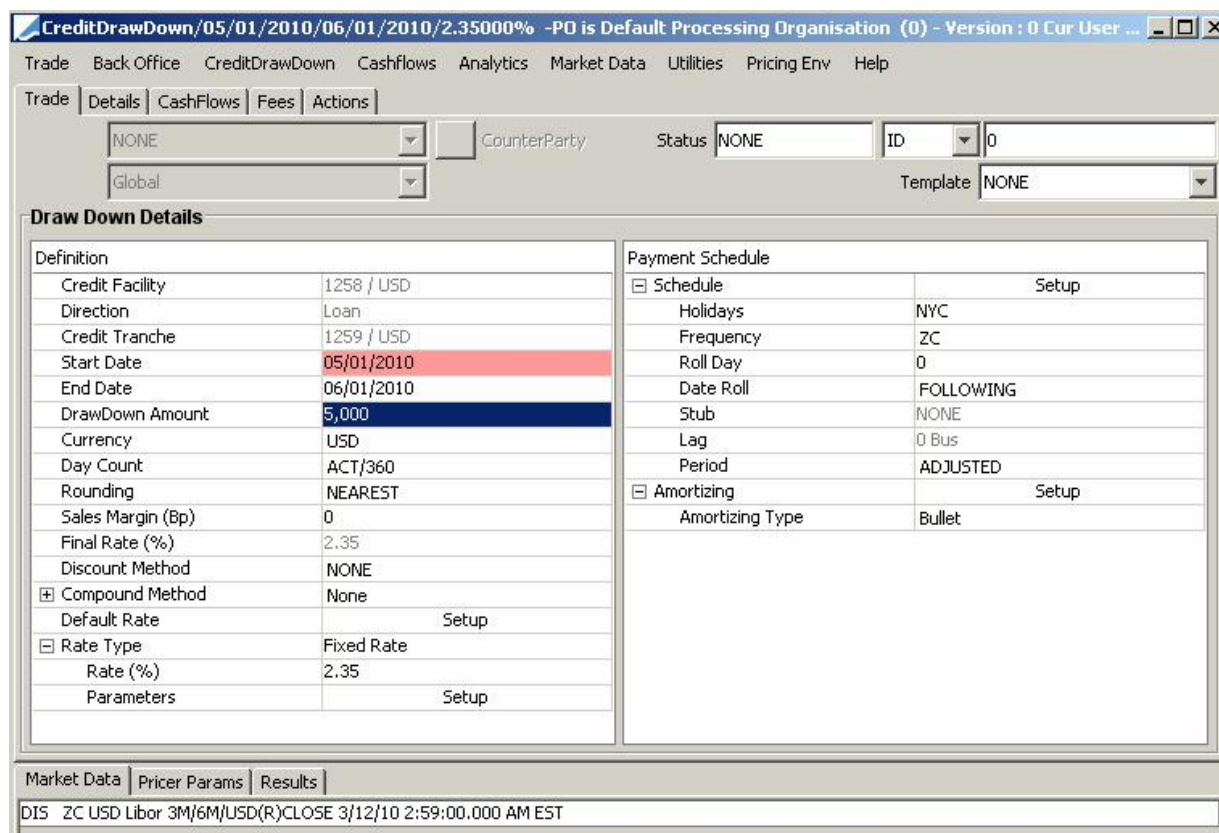
- [Sample Drawdown](#)
- [Generating Confirmations](#)
- [Drawdown Accounting Events](#)

3.1 Sample Drawdown

From the Calypso Navigator, navigate to **Trade > Money Market > Credit Facility** to bring up the Credit Facility window (menu action `trading.TradeCreditFacilityWindow`), and load a Credit Facility.

Double-click a tranche from the Tranche Details to bring up the Credit Tranche window.

Then click **New DrawDown** to capture a drawdown, or double-click a drawdown from the DrawDown Details to bring up the Credit Drawdown window.



Draw Down Details		Payment Schedule	
Definition		[-] Schedule	Setup
Credit Facility	1258 / USD	Holidays	NYC
Direction	Loan	Frequency	ZC
Credit Tranche	1259 / USD	Roll Day	0
Start Date	05/01/2010	Date Roll	FOLLOWING
End Date	06/01/2010	Stub	NONE
DrawDown Amount	5,000	Lag	0 Bus
Currency	USD	Period	ADJUSTED
Day Count	ACT/360	[-] Amortizing	Setup
Rounding	NEAREST	Amortizing Type	Bullet
Sales Margin (Bp)	0		
Final Rate (%)	2.35		
Discount Method	NONE		
Compound Method	None		
Default Rate			
	Setup		
Rate Type	Fixed Rate		
Rate (%)	2.35		
Parameters			
	Setup		

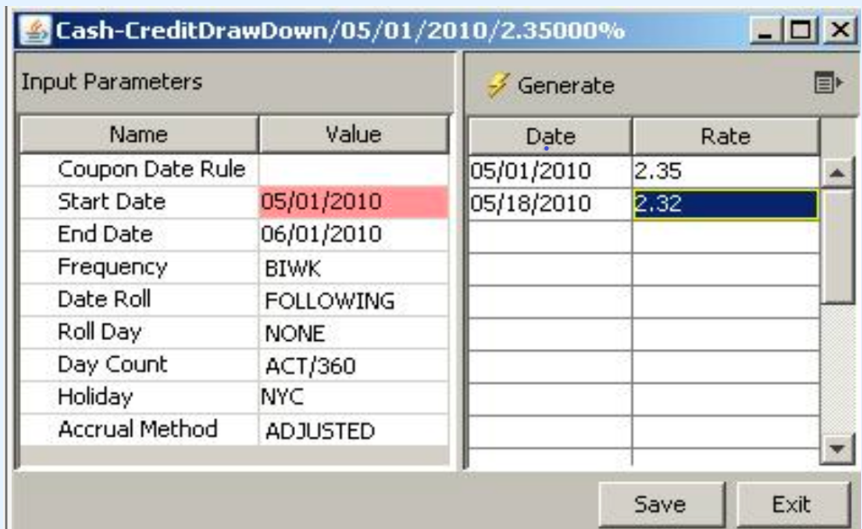
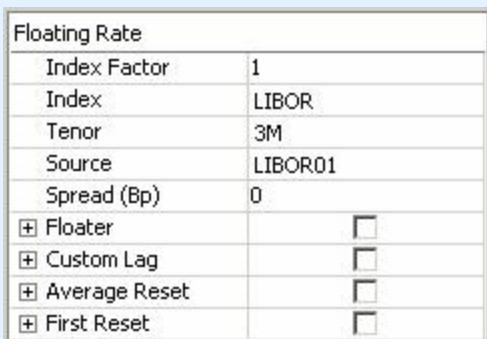
The Credit Drawdown is similar to the Cash product - The only difference is that it is attached to a tranche and to a credit facility.

3.1.1 Trade Details

The counterparty and book come from the credit facility.

Draw Down Details - Definition

Fields	Description																
Credit Facility	Credit Facility Trade Id to which the drawdown is attached.																
Direction	<p>Loan/Deposit. Default is Loan.</p> <p>Deposit direction must only be used when the processing organization is user (and not provider) of the Credit Facility and, as such, must pay interest on drawdowns.</p> <p>The Credit Facility Direction defaults the Tranche(s) and Drawdown(s) direction linked to that Credit Facility. It cannot be changed.</p>																
Credit Tranche	Credit tranche Trade Id to which the drawdown is linked.																
Start Date	Start Date of the drawdown. When saving a drawdown, the system checks that the Deposit Start Date is not smaller than its Credit Tranche Start Date.																
End Date	End Date of the drawdown. When saving a drawdown, the system checks that the drawdown End Date is not greater than its tranche End Date.																
Drawdown Amount	Part of principal used by the borrower.																
Currency	<p>Drawdown currency.</p> <p>Drawdown currency can differ from its tranche currency. When a different drawdown currency is selected, the system asks for a FX rate to be entered to perform the Limit check with the tranche.</p> <table border="1"> <tr> <td>Credit Facility</td><td>10018401 / EUR</td></tr> <tr> <td>Direction</td><td>Loan</td></tr> <tr> <td>Credit Tranche</td><td>10018402 / EUR</td></tr> <tr> <td>Start Date</td><td>06/21/2010</td></tr> <tr> <td>End Date</td><td>06/21/2012</td></tr> <tr> <td>DrawDown Amount</td><td>12,000,000</td></tr> <tr> <td>Currency</td><td>USD</td></tr> <tr> <td>FX.EUR.USD</td><td>1.23</td></tr> </table>	Credit Facility	10018401 / EUR	Direction	Loan	Credit Tranche	10018402 / EUR	Start Date	06/21/2010	End Date	06/21/2012	DrawDown Amount	12,000,000	Currency	USD	FX.EUR.USD	1.23
Credit Facility	10018401 / EUR																
Direction	Loan																
Credit Tranche	10018402 / EUR																
Start Date	06/21/2010																
End Date	06/21/2012																
DrawDown Amount	12,000,000																
Currency	USD																
FX.EUR.USD	1.23																
DayCount	Daycount used for interest calculation.																
Rounding	Rounding method used for interest calculation.																
Sales Margin (Bp)	Sales Margin (expressed in Basis Point) to be added to the drawdown Rate to compute the Final Rate used for interest calculation.																
Final Rate (%)	Final Rate = Rate % (including spread value for a floating index) + Sales Margin, used to compute the drawdown interest amount.																
Discount Method	<p>Allows saving a discount drawdown (Discount Method = DISC).</p> <p>Discount Method = EXP is also supported (see Cash products for details).</p>																

Fields	Description
	Default is NONE (no discount).
Compound Method	Compounding Type for interest calculation. The system offers the possibility to compound the total rate (fixed) and – for floating rate – flat or spread included.
Default Rate Rate Type	<p>The system displays the default rate type as defined in the Credit Facility for the corresponding currency (Rates button).</p> <p>You can click Setup to select a different rate configuration.</p> <p>Or you can simply modify the rate conditions.</p> <p>Fixed</p> <p>You can modify the fixed rate as needed in the Rate (%) field.</p> <p>You can also click Setup in the Parameters field to define a variable schedule for the fixed rate.</p>  <p>Floating</p> <p>An additional panel displays the details of the floating rate. You can modify as needed.</p> 

Draw Down Details - Payment Schedule

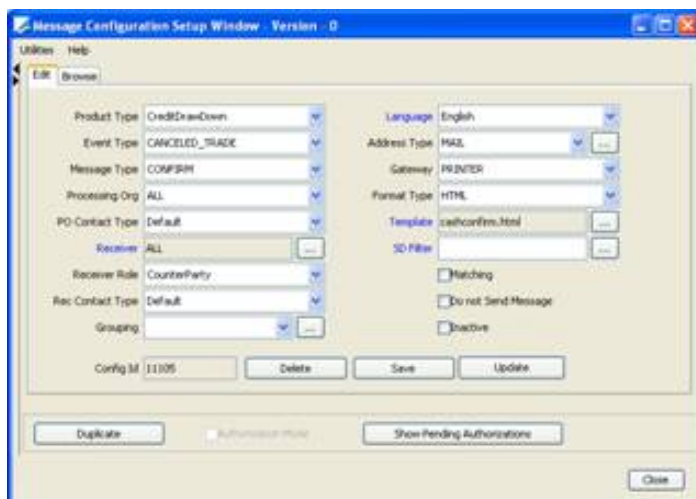
Fields	Description
Schedule	Click Setup to bring up the Cash Details dialog - Help is available from that window. It allows setting additional parameters.
Holidays	Calendar used for the cashflow payment generation.
Frequency	Payment frequency.
Roll Day	Roll Day used for the cashflow generation.
Date Roll	Date Roll used for the cashflow generation.
Stub	Stub used for the cashflow generation.
Lag	Lag used to compute the Payment Date.
Period	Possible values are: ADJUSTED, FRN, UNADJUSTED, MAT_UNADJUSTED used to determined the drawdown End Date.
Amortizing Amortizing type	If you select an amortizing type different from Bullet, you can click Setup to specify additional parameters.

3.2 Generating Confirmations

You can generate a confirmation for a Credit Drawdown using the "cashconfirm.html" template through the standard message engine process.

Message Setup





Message Configuration Setup Window - Version 1.0

Utilities - Help

File Edit Browse

Product Type: CreditDrawDown
Event Type: CANCELED_TRADE
Message Type: CONFIRM
Processing Org: ALL
PO Contact Type: Default
Receiver: ALL
Receiver Role: CounterParty
Rec Contact Type: Default
Grouping: [Dropdown]
Config ID: 11105
Delete Save Update

Language: English
Address Type: MAIL
Gateway: PRINTER
Format Type: HTML
Template: calconfirm.html
3D Filter: [Dropdown]
Matching
Do not Send Message
Inactive

Duplicate Authorization refused Show Pending Authorizations Close

Sample Confirmation



Logo

EADS1
Espace Client
Willy Messerschmidt Straas Odeur
Munich
GERMANY
Swift: EADSDE33

Date: June 21, 2010
To:
Address:
Our Reference: FRANCE
10015405

CreditDrawDown Confirmation

Dear Pierre Louis,

We are pleased to confirm the details of the following Loan

Trade details

Our Trade Number	10015405
Operation Type	CreditDrawDown
Instrument Description	CreditDrawDown/06/21/2010/06/21/2012/2.00000%
Lender	EADS1
Borrower	Societe Generale
Trade Date	June 21, 2010
Principal Exchange Required	Yes
Settlement Currency	EUR
Initial Principal Amount	12,000,000.00
Rate type	Fixed
Rate	2%
Discount	No
Start Date	Jun 21, 2010
End Date	Jun 21, 2012
Frequency	Monthly
Amortizing	No
Calculation	Following
Open Term	No
Roll Over	No

3.3 Applying Actions

3.3.1 Credit Drawdown Ad-hoc Principal Reduction

It is possible to redeem partially a Credit Drawdown by anticipation, using the partial termination function of the drawdown.

Choose **Back Office > Termination** - Help is available from that window.

3.3.2 Credit Drawdown Early Termination

It is possible to fully terminate a Credit Drawdown by anticipation, using the termination function of the drawdown.

Choose **Back Office > Termination** - Help is available from that window.

The drawdown trade is put in a TERMINATED status and transfers are generated at Termination Effective date for PRINCIPAL redemption, INTEREST and – potentially – TERMINATION_FEE.

3.3.3 Credit Drawdown Rollover

It is possible to roll a drawdown using the standard Rollover function available in the back office menu of the trade.

Choose **Credit Draw Down > Rollover** - Help is available from that window.

3.3.4 Credit Drawdown Rate Change

It is possible to change a fixed rate value or a floating rate spread by applying the Rerate function available in the Credit Drawdown menu.

Choose **Credit Draw Down > Rerate**. You are prompted to set the reset rate.

» Enter the desired details and click **Apply**. The reset rate is applied.

You can view the history of rerates on the trade, if any, using **Credit Draw Down > Rerate History**.

3.4 Credit Drawdown Accounting Events

The accounting events used for a credit drawdown are the same as for the existing Cash product.

Accounting Events	Description
COT	Contingent principal amount on drawdown trade date. Triggered by VERIFIED_TRADE, CANCELED_TRADE, TERMINATED_TRADE.
COT_REV	Contingent reversal of the principal amount on drawdown start date. Triggered by VERIFIED_TRADE, CANCELED_TRADE, TERMINATED_TRADE.
PRINCIPAL PRINCIPAL_LOAN	Principal movement on Start/End and Amortization date of a drawdown. Triggered by VERIFIED_TRADE, CANCELED_TRADE, TERMINATED_TRADE.

Accounting Events	Description
PRINCIPAL_DEPOSIT	
INTEREST	Book the interest of the drawdown on interest payment date. Triggered by VERIFIED_TRADE, RATE_RESET, CANCELED_TRADE and TERMINATED_TRADE.
ACCRUAL	Book the interest accrued of a drawdown on valuation date. Triggered by TRADE_VALUATION and CANCELED_TRADE (scheduled task EOD_TRADE_VALUATION).

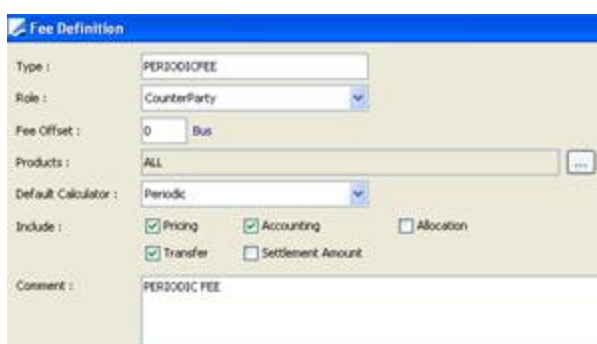
4. Computing Periodic Fees

It is possible to compute periodic fees on all the components of a credit facility.

4.1 Setup Requirements

4.1.1 Fee Definition

From the Calypso Navigator, navigate to **Configuration > Fees, Haircuts & Margin Calls > Fee Definition**.



- » Enter the Fee Type/Name, Role, Fee Offset, etc.
- » Select the fee calculator "Periodic". The details of the calculation will be defined in the fee grid.

4.1.2 Fee Grid

From the Calypso Navigator, navigate to **Configuration > Fees, Haircuts & Margin Calls > Fee Grid**.

Define the calculation rules for the periodic fee using the Trade Fee Grid.

An example is presented below for a 1% Periodic Fee:

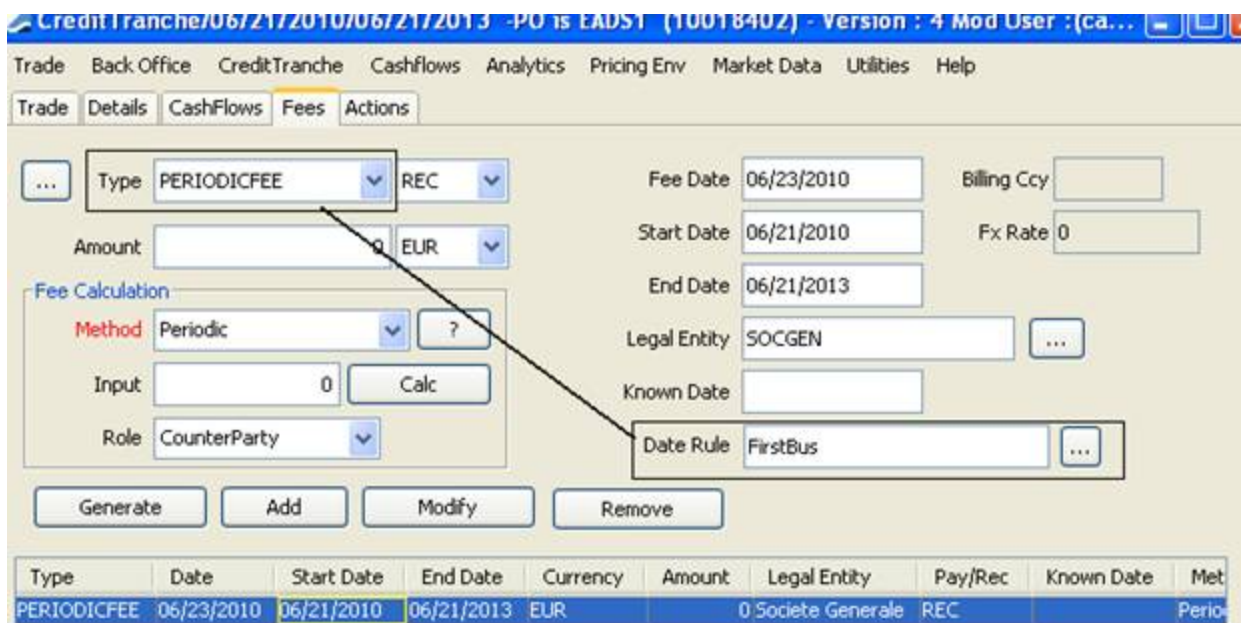


4.1.3 Date Rule

At Credit Facility / Credit Tranche / Credit Drawdown level, the user can attach a periodic fee by adding that fee as a "trade fee" in the Fees panel.

When a Periodic Fee is added to the Fees panel of the Trade, the system displays a Date Rule field where the user can enter the fee frequency (predefined through a date rule).

An example is presented below for a Credit Tranche:



Type	Date	Start Date	End Date	Currency	Amount	Legal Entity	Pay/Rec	Known Date	Met
PERIODICFEE	06/23/2010	06/21/2010	06/21/2013	EUR	0	Societe Generale	REC		Periodic

4.2 Periodic Fees Generation

Periodic Fees transfers (and posting) are triggered by the scheduled task OPEN_MATURITYPROCESS, one business day before the fee payment date.

The scheduled task attribute "Include Product With Maturity" must be set to true to generate the Periodic Fee.

The scheduled task works with the current system date (not the val date).



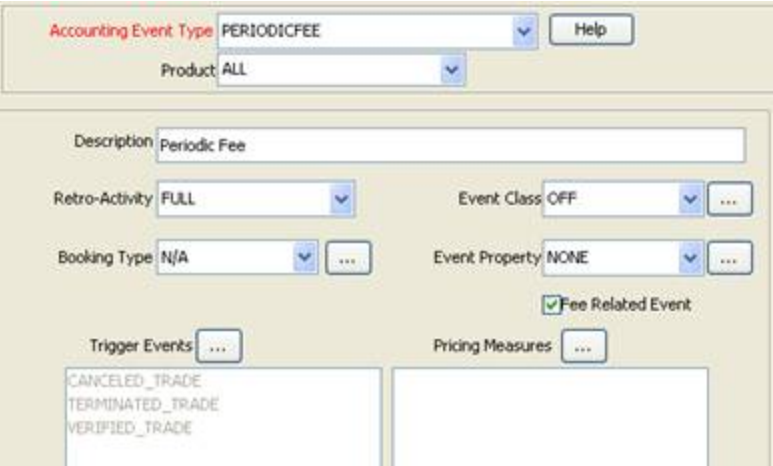
The screenshot shows the 'Definition' window for the 'OPEN_MATURITYPROCESS' task. The 'Attributes' table at the bottom lists the following attributes:

Attribute	Value
Include Product With Maturity	true

4.3 Accounting Events

The following accounting events are available for Periodic Fees.

Accounting Events	Description
<PERIODICFEENAME>	<p>Book the Periodic Fee Amount.</p> <p>This event is triggered by VERIFIED_TRADE, TERMINATED_TRADE and CANCELED_TRADE.</p> <p>It is a Fee Related Accounting Event.</p> <p>The PERIODIC_FEE accounting event is generated by the accounting engine as soon as the periodic fee flow is created through the scheduled task OPEN_MATURITYPROCESS.</p>

Accounting Events	Description
	
<PERIODICFEENAME>_AM	<p>Book the linear amortization (or accrual) for the Periodic Fee over the Fee Period (Fee End Date – Fee Start Date).</p> <p>This is a Fee Related Event, triggered by TRADE_VALUATION and CANCELED_TRADE.</p> <p>This type of accounting event is generated by the scheduled task EOD_TRADE_VALUATION.</p> 