

Orbit

Setup FX Trade Purpose/Strategy

FX Trade Purpose/Strategy

- Trade Purpose codes are the main way you have to organize your FX trade book
- Trade Purpose controls trade documentation and accounting treatment for the trade
- Trade Purpose can be used to setup exposure description language
- Trade Purpose determines what trade types are possible for an Entity
- If there are no Trade Purpose codes set for an Entity, the entity will not be able to trade FX in Orbit
- All FX Trades require a Trade Purpose/Strategy code

FX Trade Purpose/Strategy



- Go to the “FX” tab
- Press the “Setup Trading Strategies” button

FX Trade Purpose/Strategy Setup

Entity	Purpose Name	Desg	Type	Time Value	Status/Test/Exec
Brazil	IC Payment	ND	SF		Active/0/6
Brazil	Other	ND	SF	INCLUDE	Active/Not Used
Brazil Servicios	IC Payment	ND	SF	EXCLUDE	Active/1/5
CIL	CF Hedge	CF	SF	EXCLUDE	Active/0/54
CIL	Eco Exercise (Option)	ND	EUROPT	EXCLUDE	Active/0/28
CIL	Eco Hedge (Option)	CF	EUROPT	INCLUDE	Active/0/295
CIL	Equity	ND	SF		Active/Not Used
CIL	Equity Funding	ND	SF		Active/Not Used
CIL	Equity Inject	ND	SF		Active/Not Used
CIL	FAS 52 (Option)	ND	EUROPT	INCLUDE	Active/Not Used
CIL	Fin Lease	ND	SF		Active/Not Used
CIL	IC Payment	ND	SF		Active/0/246
CIL	Loan	ND	SF		Active/Not Used
CIL	Op Lease	ND	SF		Active/Not Used
CIL	Other	ND	SF		Active/Not Used
CIL	Reserve	ND	SF		Active/0/7
CIL	Txn Hedge	ND	SF		Active/4/582
CS Lux sarl	Loan	ND	SF		Active/0/11
CS Management BV	Equity Inject	ND	SF		Active/0/2
CS Management BV	IC Payment	ND	SF		Active/Not Used
CS Management BV	Other	ND	SF		Active/0/1
CS Neth Hold BV	Equity Inject	ND	SF	EXCLUDE	Active/0/3
CS Neth Hold BV	Other	ND	SF	EXCLUDE	Active/0/29
CS Swiss Inv	IC Payment	ND	SF		Active/0/20
CS Swiss Inv	Other	ND	SF	EXCLUDE	Active/0/1
CS Swiss Inv	Txn Hedge	ND	SF		Active/0/93
CSC India Pte	IC Payment	ND	SF	FXI IIDE	Active/0/1

- The “List” tab displays all of the trade purpose/strategies currently setup in the system
- Every trade purpose is “owned” by an entity. Trade Purpose names must be unique within entity but may be duplicated across entities. In fact you should use the same purpose name across entities to identify the same strategy/purpose
- In the list view, the last column provides a count of the number of test and executed trades that are using the purpose/strategy
- A trade purpose/strategy cannot be deleted if it is referenced by test or executed trades
- The basic setup of trade purpose/strategy codes occurs on the “Identification” tab
- Select and double-click an entity/purpose
- Orbit takes you to the “Identification” tab and displays the details

Trade Purpose Identification

Setup FX Trade Purpose and Strategy

List Identification Accounting Exposures Documentation Headings Tax Note Matrix Setup

Entity: CIL

Purpose/Strategy Name: CF Hedge

Description: Cash Flow Hedges

Designation: CF

Trading Instrument: SF

Exposure Direction: NA

Exposure Kind:

Status

Active Edited By: ASP Administrator
 Inactive 2010-06-22 08:41:42.621573

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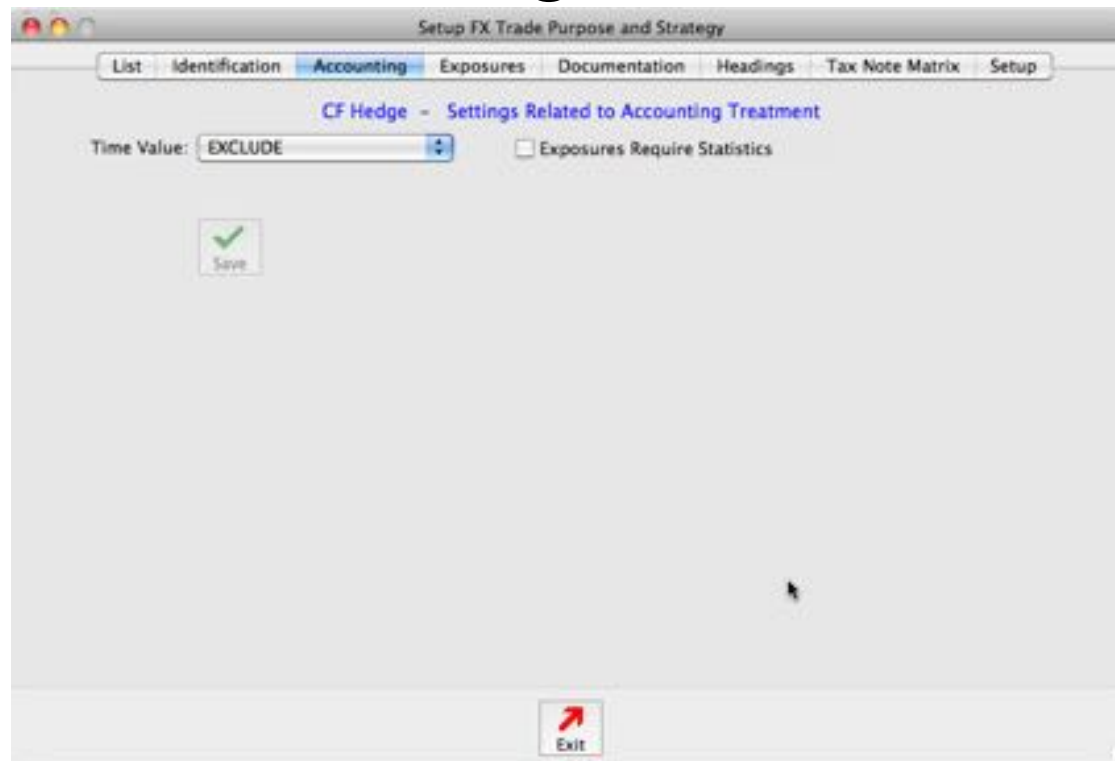
Delete Save Duplicate New

Purpose/Strategy is referenced and cannot be changed

Exit

- “Entity” and Purpose/Strategy Name”: identify the trade purpose/strategy
- “Designation”: sets the FASB status for trades of this purpose: NH = Non-Hedge, ND = Non-Designated, FV = Fair Value, CF = Cash Flow, NI = Net Investment
- “Trading Instrument”: EUROPT = European style Option or SF = Spot/Forward. Before an entity can trade an particular instrument type, it must have a purpose/strategy with that type
- Exposure Direction: Refers to the nature of the underlying exposure: NA = not applicable, IN = inflows, receivables, assets, OUT = outflows, payables, liabilities
- “Exposure Kind”: linked to your selection for “Exposure Direction”. Provides a more specific and descriptive label for the exposure. For example an “Exposure Kind” might be “Revenue” if “Exposure Direction” is “IN”. Use the “Setup” tab to set the values that may appear in “Exposure Kind”

Accounting Treatment



- The Trade Purpose/Strategy that is assigned to an FX Trade, controls many details of its accounting treatment
- Over time, Orbit will be providing more options on this tab, including support for Hedge Accounting

Trade Purpose and Exposure Capture

Setup FX Trade Purpose and Strategy

List Identification Accounting **Exposures** Documentation Headings Tax Note Matrix Setup

CF Hedge - Settings Related to Exposure Entry/Capture

Use the following settings to support Exposure creation and generation of appropriate hedges from Worksheets

Exposure Description Template Language (type and then press return to save template language)

None When you select a symbol, it is copied to the clipboard and available for you to paste into the description template language

Worksheet Source for Exposure Entry

Currency:

Worksheet:

Exp Amt Line:

Opt Strike Line:

Expected Date:

Maturity Date:

Exposure Period: Quarter From/To Amts: Maturity Period

Period Start Date: Hedge Date

For each currency, identify a Worksheet that models exposures this Trade Purpose/ Strategy covers.

Identify lines on the worksheet from which Orbit can pull "Exposure Amounts," "Exposure Expected Date" and the hedge "Maturity Date".

Use the Exposure Entry window to have Orbit use these settings to create Orbit exposure records and trades to hedge those exposures

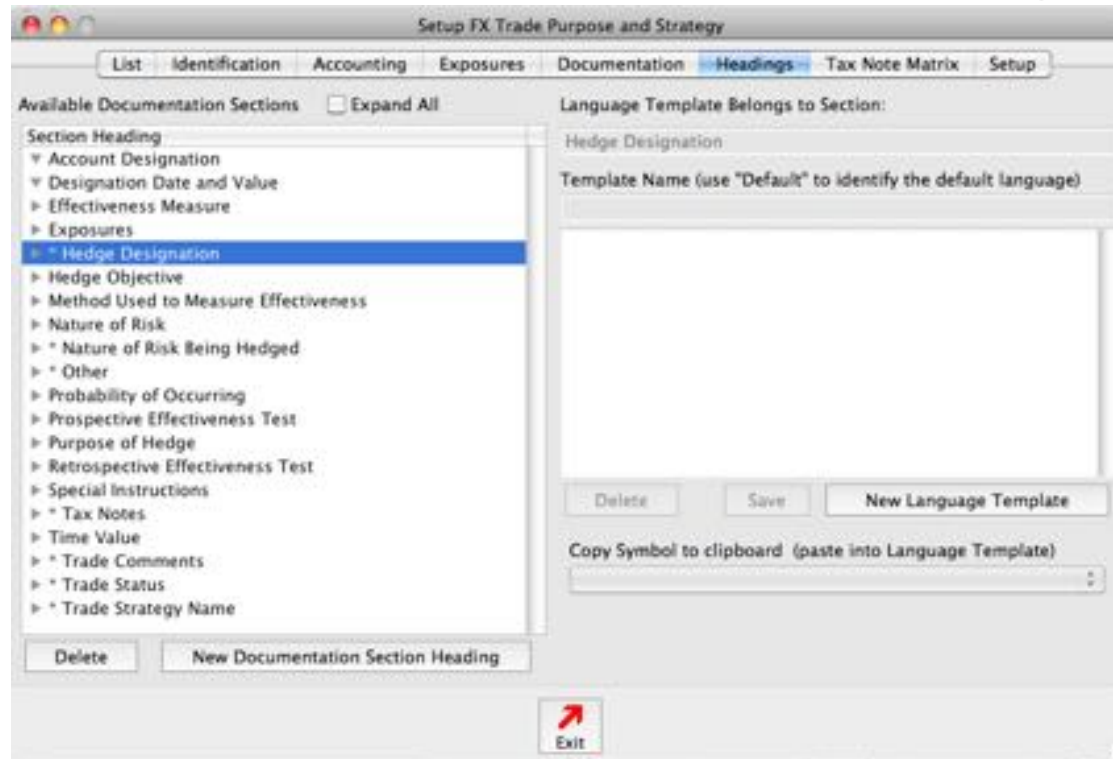
Exit

- Trade Purpose can work with the Orbit Worksheets feature to automatically create Exposures based on information entered on user-defined worksheets
- Use the “Exposures” tab to configure the trade purpose with the information it needs to locate exposure information on a worksheet
- Examples of this use are included with documentation describing Orbit Worksheets

Trade Purpose - Documentation

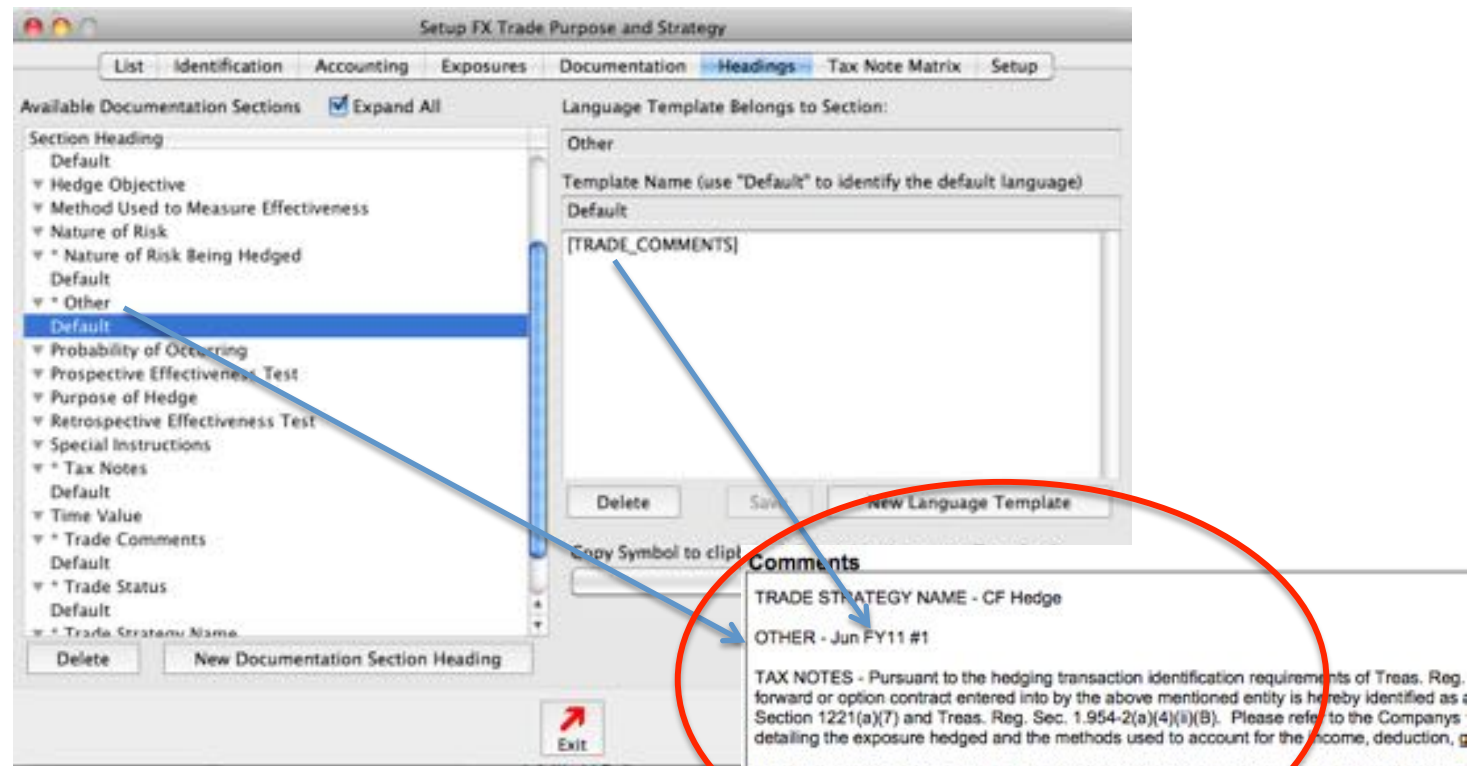
- Trade Purpose determines the documentation that is automatically generated for FX Trades that are associated with the trade purpose
- Orbit gives you a lot of control over the generation of trade documentation
- Trade documentation begins with the idea of Headings. A trade document is composed of one or more Headings. Orbit ships with a standard set of Headings, but you may add your own
- In addition, template language can be added to each Heading so that when the Heading is included in documentation, it's template language is also included
- Template language can include “symbols” that are resolved into meaningful values when trade documentation is generated. For example the symbol [HEDGE_DESIGNATION] will be converted into “Non-Designated” or “Cash Flow” depending on the Trade Purpose “Exposure Designation” setting
- Trade documentation can be customized for each Trade Purpose by including/excluding selected Headings
- When trade documentation is generated Orbit does the following:
 - Lookup the Trade Purpose
 - Generate documentation for each Heading included in the “Documentation” section of the Trade Purpose
 - Headings are added to the trade documentation in the order in which the heading is listed on the “Documentation” tab
 - For each Heading: resolve any symbols embedded in the heading template language
- The following slides describe the “Headings” and “Documentation” tabs

Documentation Headings



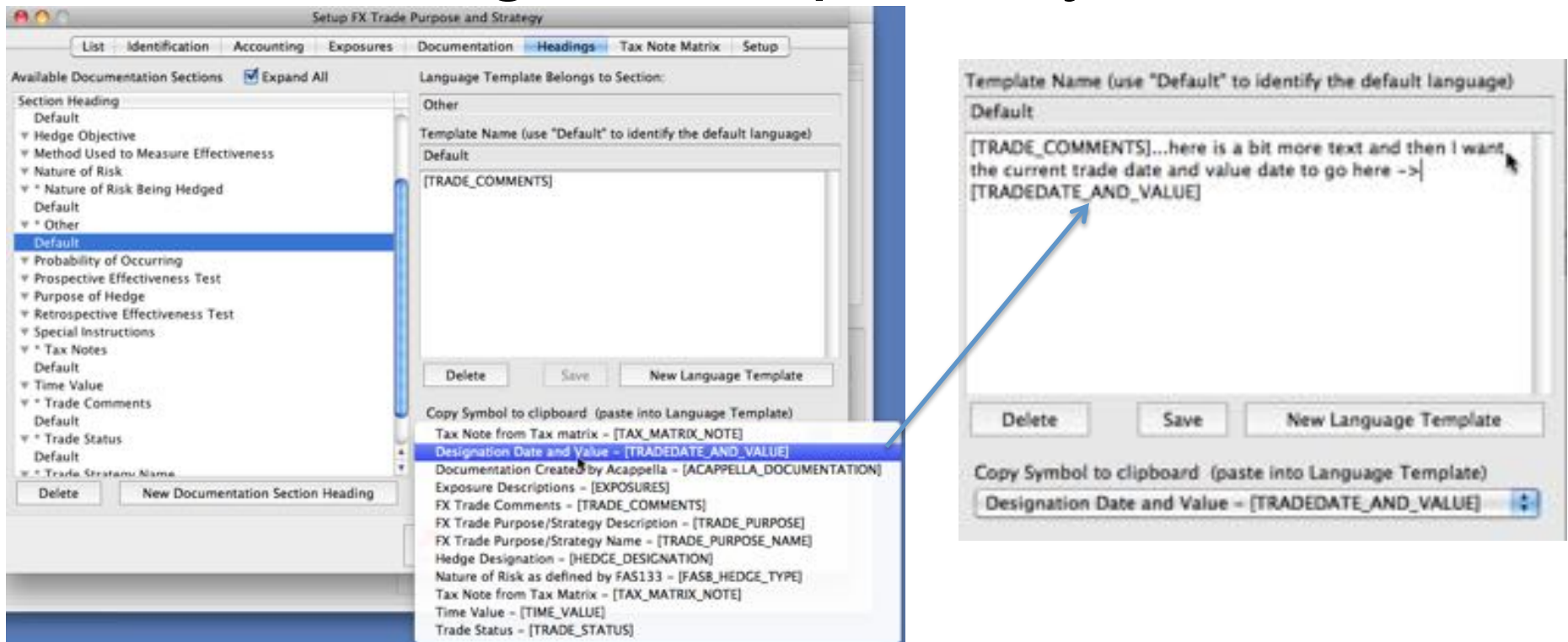
- Headings are the raw materials for Orbit trade ticket documentation
- Orbit ships with a standard set of headings, but you can use the “New Documentation Section Heading” button to create your own
- Each Heading may have one or more named “template” text blocks associated with it
- The listed Headings (“Section Headings” list in the screenshot above), which include an * in front of the name, contain templates
- Click the line expansion control to see the template names that go with the Heading
- You can click the “Expand All” checkbox to have Orbit expand all Heading lines where the Heading includes names templates

Headings – Template Language



- In this screenshot, we have expanded all of the Heading lines
- We have selected the “Default” template for the “Other” heading
- On the right side of the window, the template language for “Default” is displayed
- In this case, the template language consists of a single symbol: [TRADE_COMMENTS]
- When documentation is generated for a trade, Orbit includes the “Other” heading and translates the symbol [TRADE_COMMENTS] into the actual comments that were entered with the trade (“Jun FY11 #1” in this example)
- The screenshot above shows a snippet (circled in red) from the documentation section of a printed Trade Ticket. The documentation includes an “Other” heading with [TRADE_COMMENTS] translated into the comments that were entered when the trade was created.

Headings – Template Symbols



- Available symbols are listed in the “Copy Symbol...” popup menu
- When you select a symbol from the menu, it is copied to the clipboard. You will then click into the template language edit box and paste the symbol where you want it to go
- Click the “Save” button and now all FUTURE trades will include the updated language under the “Other” heading

Headings – Template Symbols

- Available symbols
 - [TAX_MATRIX_NOTE]: resolves to a specific tax note associated with the trade. See the slides describing “Tax Note Matrix” later in this presentation
 - [TRADEDATE_AND_VALUE]: resolves to the trades trade-date and the contract amount/currency. Example: Trade Date: 05-MAY-2011 Value: 1,750,000.00 EUR
 - [EXPOSURES]: resolves to a list of Exposures linked to the trade
 - [TRADE_COMMENTS]: resolves to the comments entered with the trade during trade entry
 - [TRADE_PURPOSE]: resolves to the trade’s purpose/strategy description
 - [TRADE_PURPOSE_NAME]: resolves to the trade’s purpose/strategy name
 - [HEDGE_DESIGNATION]: resolves to a descriptive version of the trade purpose/strategy designation
 - [FASB_HEDGE_TYPE]: resolves to a FASB description of the “nature of risk being hedged” for the designation
 - [TIME_VALUE]: resolves to the trade purpose/strategy Time Value selection
 - [TRADE_STATUS]: resolves to a description of the trades current status

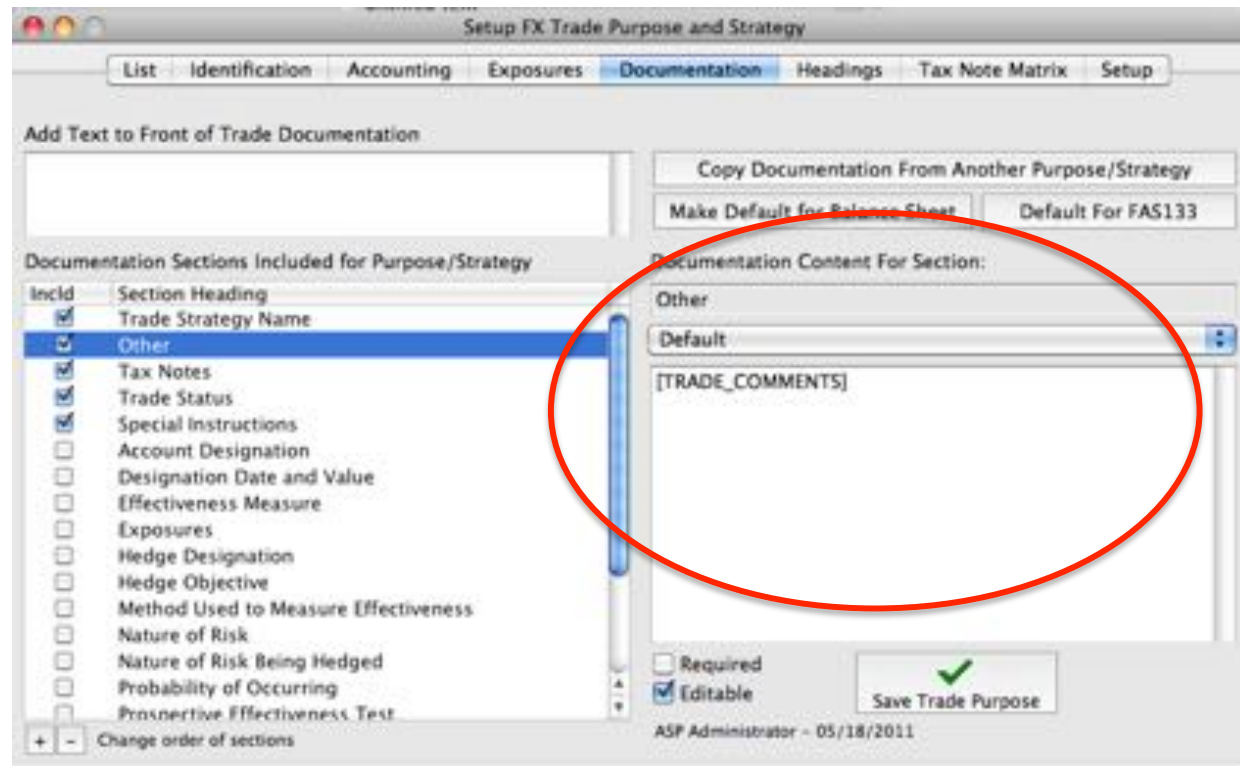
Documentation

The screenshot shows the 'Setup FX Trade Purpose and Strategy' window with the 'Documentation' tab selected. The window has a menu bar with 'List', 'Identification', 'Accounting', 'Exposures', 'Documentation', 'Headings', 'Tax Note Matrix', and 'Setup'. Below the menu bar, there is a text box for 'Add Text to Front of Trade Documentation'. To the right of this text box are three buttons: 'Copy Documentation From Another Purpose/Strategy', 'Make Default for Balance Sheet', and 'Default For FAS133'. Below these is a list of 'Documentation Sections Included for Purpose/Strategy' with checkboxes and section headings. The 'Other' section is selected and highlighted in blue. To the right of the list is a text area for 'Documentation Content For Section:' with a dropdown menu set to 'Default' and the text '[TRADE_COMMENTS]'. At the bottom right, there are checkboxes for 'Required' (unchecked) and 'Editable' (checked), and a 'Save Trade Purpose' button with a green checkmark. The status bar at the bottom reads 'ASP Administrator - 05/18/2011'.

Incl	Section Heading
<input checked="" type="checkbox"/>	Trade Strategy Name
<input checked="" type="checkbox"/>	Other
<input checked="" type="checkbox"/>	Tax Notes
<input checked="" type="checkbox"/>	Trade Status
<input checked="" type="checkbox"/>	Special Instructions
<input type="checkbox"/>	Account Designation
<input type="checkbox"/>	Designation Date and Value
<input type="checkbox"/>	Effectiveness Measure
<input type="checkbox"/>	Exposures
<input type="checkbox"/>	Hedge Designation
<input type="checkbox"/>	Hedge Objective
<input type="checkbox"/>	Method Used to Measure Effectiveness
<input type="checkbox"/>	Nature of Risk
<input type="checkbox"/>	Nature of Risk Being Hedged
<input type="checkbox"/>	Probability of Occurring
<input type="checkbox"/>	Prospective Effectiveness Test

- The trade ticket documentation that will be generated for a trade is controlled by the Documentation settings of the Trade Purpose/Strategy
- Click the “Incl” checkbox next to each heading you want to be included on trades identified with the trade purpose
- The headings in the documentation will appear in the same order as they appear in the “Section Headings” list. Use the +/- buttons located at the bottom of the list to change the relative position of a selected Heading
- Any text you add to the “Add Text to Front of Trade Documentation” edit box will appear as the first entry in the documentation section of the trade ticket. Text for included “Headings” will then follow

Documentation



- When you include a Heading, the headings default template is automatically included. Type whatever text or copy any symbols you wish to have appear with the heading. Any text/symbols entered here will be generated on all FX Trades using the Strategy/Trade Purpose

Documentation

Setup FX Trade Purpose and Strategy

List Identification Accounting Exposures Documentation Headings Tax Note Matrix Setup

Add Text to Front of Trade Documentation

Copy Documentation From Another Purpose/Strategy

Make Default for Balance Sheet Default For FAS133

Documentation Sections Included for Purpose/Strategy

Incl	Section Heading
<input checked="" type="checkbox"/>	Trade Strategy Name
<input checked="" type="checkbox"/>	Other
<input checked="" type="checkbox"/>	Tax Notes
<input checked="" type="checkbox"/>	Trade Status
<input checked="" type="checkbox"/>	Special Instructions
<input type="checkbox"/>	Account Designation
<input type="checkbox"/>	Designation Date and Value
<input type="checkbox"/>	Effectiveness Measure
<input type="checkbox"/>	Exposures
<input type="checkbox"/>	Hedge Designation
<input type="checkbox"/>	Hedge Objective
<input type="checkbox"/>	Method Used to Measure Effectiveness
<input type="checkbox"/>	Nature of Risk
<input type="checkbox"/>	Nature of Risk Being Hedged
<input type="checkbox"/>	Probability of Occurring
<input type="checkbox"/>	Prospective Effectiveness Test

Documentation Content For Section:

Other

Default

[TRADE_COMMENTS]

Required

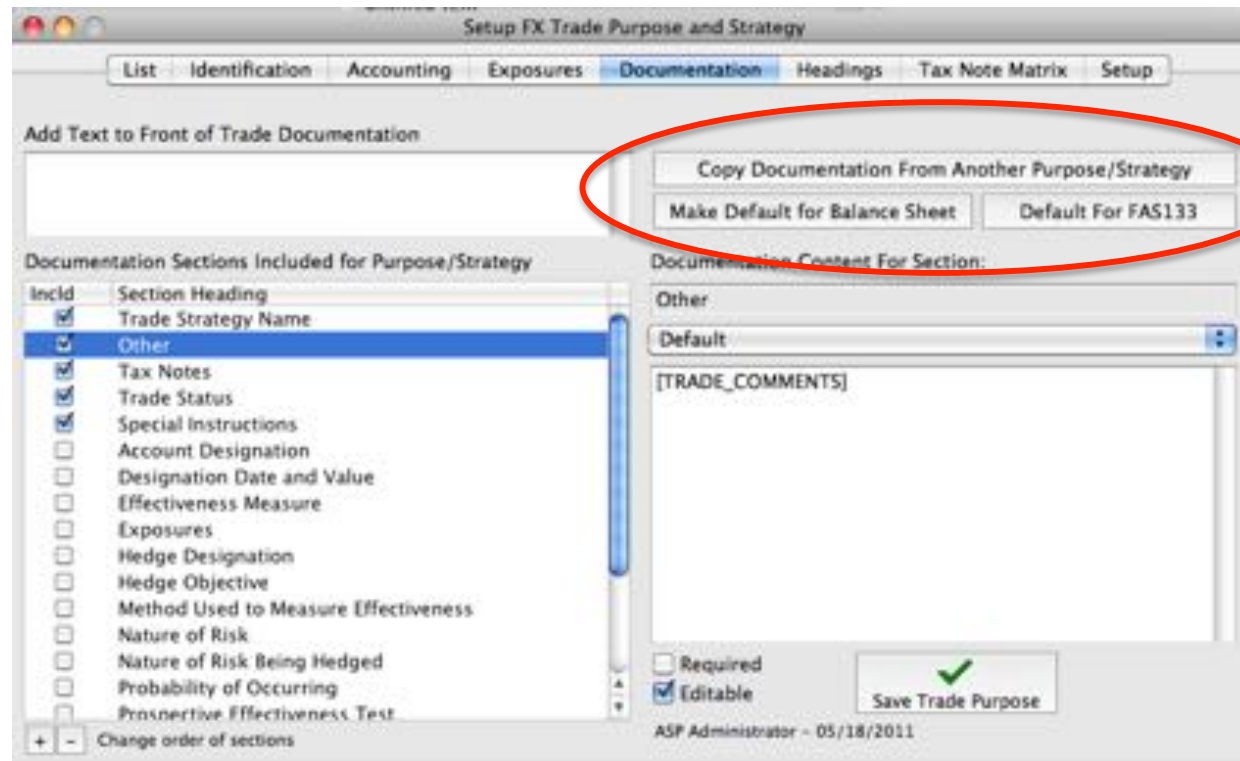
Editable

Save Trade Purpose

ASP Administrator - 05/18/2011

- After trade entry, the user may review trade documentation in a window that may permit modification of generated documentation
- If the trade entry person should be allowed to edit predefined documentation for a selected heading, set the “Editable” checkbox
- If you want to prevent the trade entry person from leaving the content of the selected Heading blank, set the “Required” checkbox

Documentation



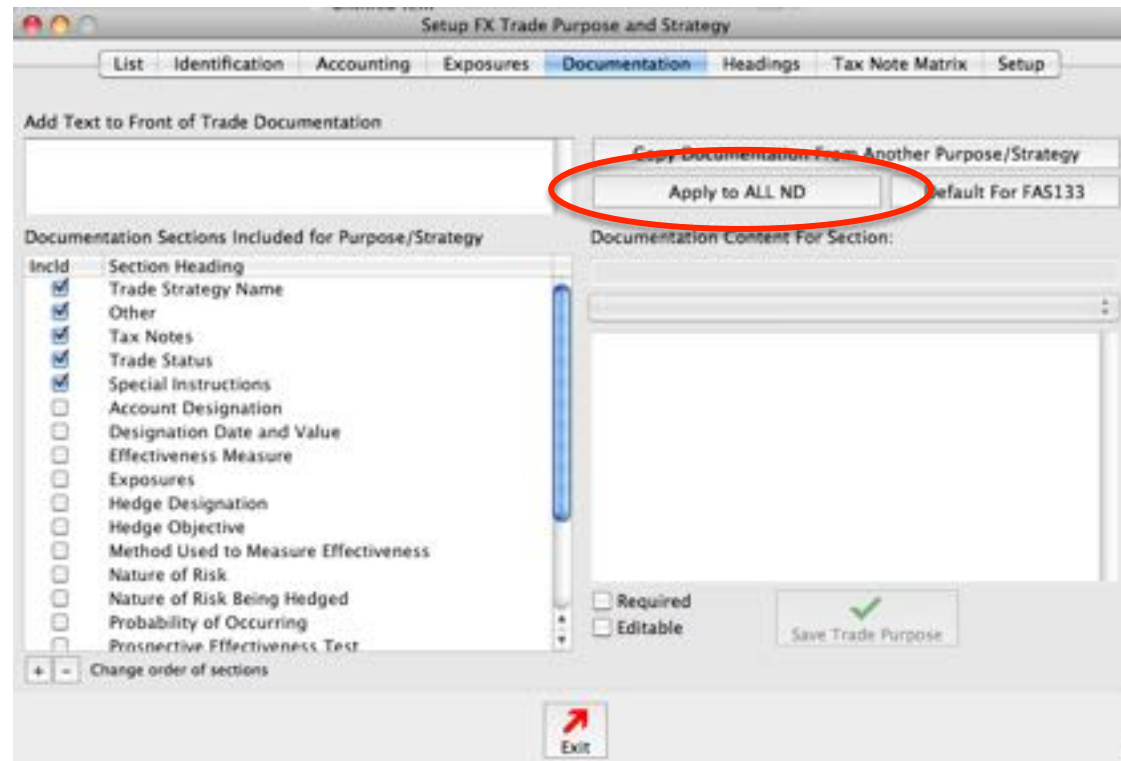
- Use these buttons to copy documentation settings from another trade purpose/strategy or to set the current documentation to the default for Non-FAS vs FAS133 purpose/strategies
- Click the “Copy Documentation From Another Purpose/Strategy” button. Orbit will present a list of existing purpose/strategies. Select one and Orbit will copy that items documentation settings to the current purpose/strategy
- Click the “Make Default for Balance Sheet”. Orbit will use the current documentation settings as the default settings when new non-FAS133 trade purpose/strategies are created
- Click the “Default For FAS133”. Orbit will use the current documentation settings as the default settings when new FAS133 trade purpose/strategies are created

Documentation

Entity	Purpose Name	Desg	Type	Time Value	Status/Test/Exec
CSFI	Fin Lease	ND	SF		Active/0/179
CSFI	IC Payment	ND	SF		Active/0/20
CSFI	Loan	ND	SF		Active/0/31
CSFI	Other	ND	SF		Active/0/22
CSFI	Txn Hedge	ND	SF	EXCLUDE	Active/2/36
CSI BD Mauritius	Equity Funding	ND	SF	EXCLUDE	Active/0/1
CSI BD Mauritius	Equity Inject	ND	SF	EXCLUDE	Active/0/2
CSI BD Mauritius	IC Payment	ND	SF	EXCLUDE	Active/Not Used
CSI Mauritius	Equity Inject	ND	SF		Active/0/3
CSI Mauritius	IC Payment	ND	SF	EXCLUDE	Active/0/1
Cisco Bermuda	Equity Inject	ND	SF	EXCLUDE	Active/0/2
Cisco Bermuda	IC Payment	ND	SF		Active/0/19
Cisco Bermuda	Other	ND	SF		Active/0/17
Cisco Bermuda	Txn Hedge	ND	SF		Active/0/102
Cisco Capital Sing	IC Payment	ND	SF		Active/Not Used
Cisco Inc	CF Hedge	CF	SF	EXCLUDE	Active/0/62
Cisco Inc	Eco Hedge (Option)	CF	EUROPT	INCLUDE	Active/Not Used
Cisco Inc	Equity	ND	SF	INCLUDE	Active/0/18
Cisco Inc	Equity Funding	ND	SF	EXCLUDE	Active/Not Used
Cisco Inc	FAS 52 (Option)	ND	EUROPT	INCLUDE	Active/0/8
Cisco Inc	IC Payment	ND	SF		Active/3/779
Cisco Inc	Loan	ND	SF	EXCLUDE	Active/0/24
Cisco Inc	Misc	ND	SF	INCLUDE	Active/0/163
Cisco Inc	Net Inv Hedge	NI	SF	EXCLUDE	Active/Not Used
Cisco Inc	Other	ND	SF		Active/0/43
Cisco Inc	Txn Hedge	ND	SF		Active/0/590
Cisco T.I	IC Payment	ND	SF	FXI 1111	Active/0/18

- On the “List” tab, you can click one of these 2 buttons to identify the Trade Purpose/Strategy that is the source of the current ND/133 default documentation settings
- Click one of the button and the corresponding source of default settings is selected in the list
- Click on the “Documentation” tab

Documentation

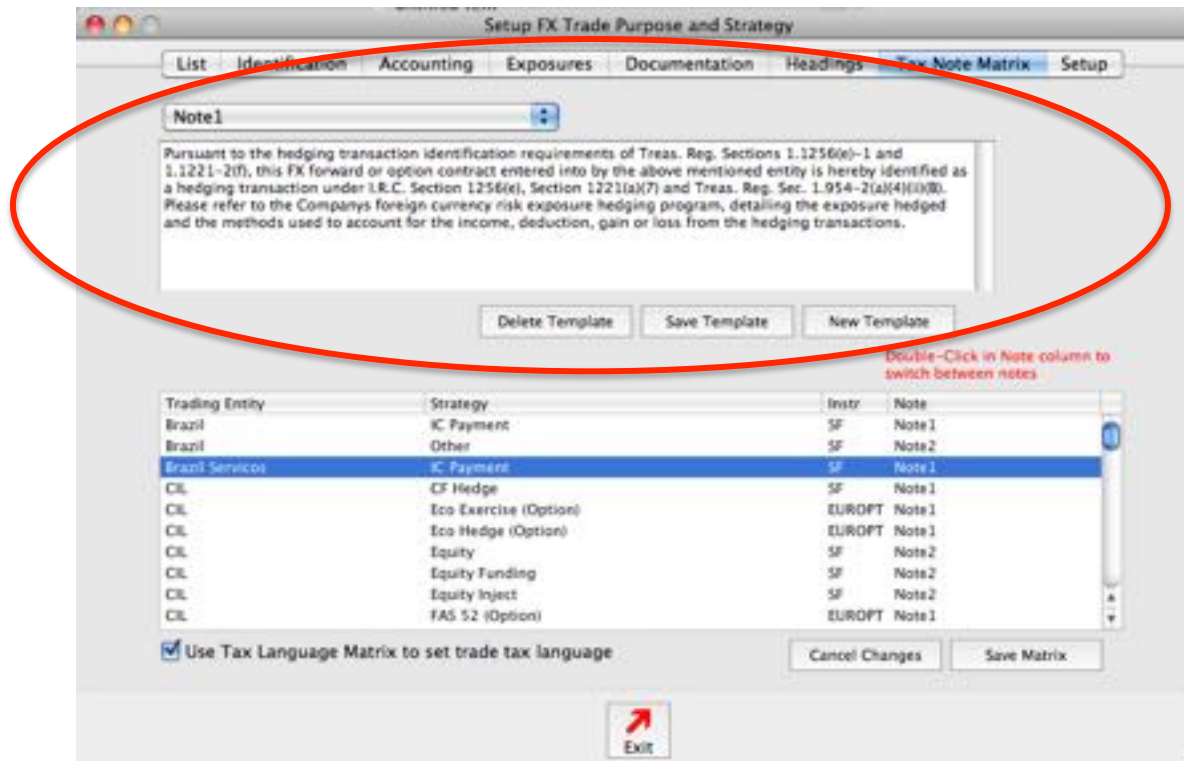


- Orbit understands that these are the current documentation settings for Non-FAS133 Trade Purpose/ Strategies. If you press the “Apply to ALL ND” button, Orbit will copy the current settings to all Non 133 purpose/strategies
- This lets you modify your default documentation settings and apply those changes to all of your other purpose/strategies automatically

Tax Note Matrix

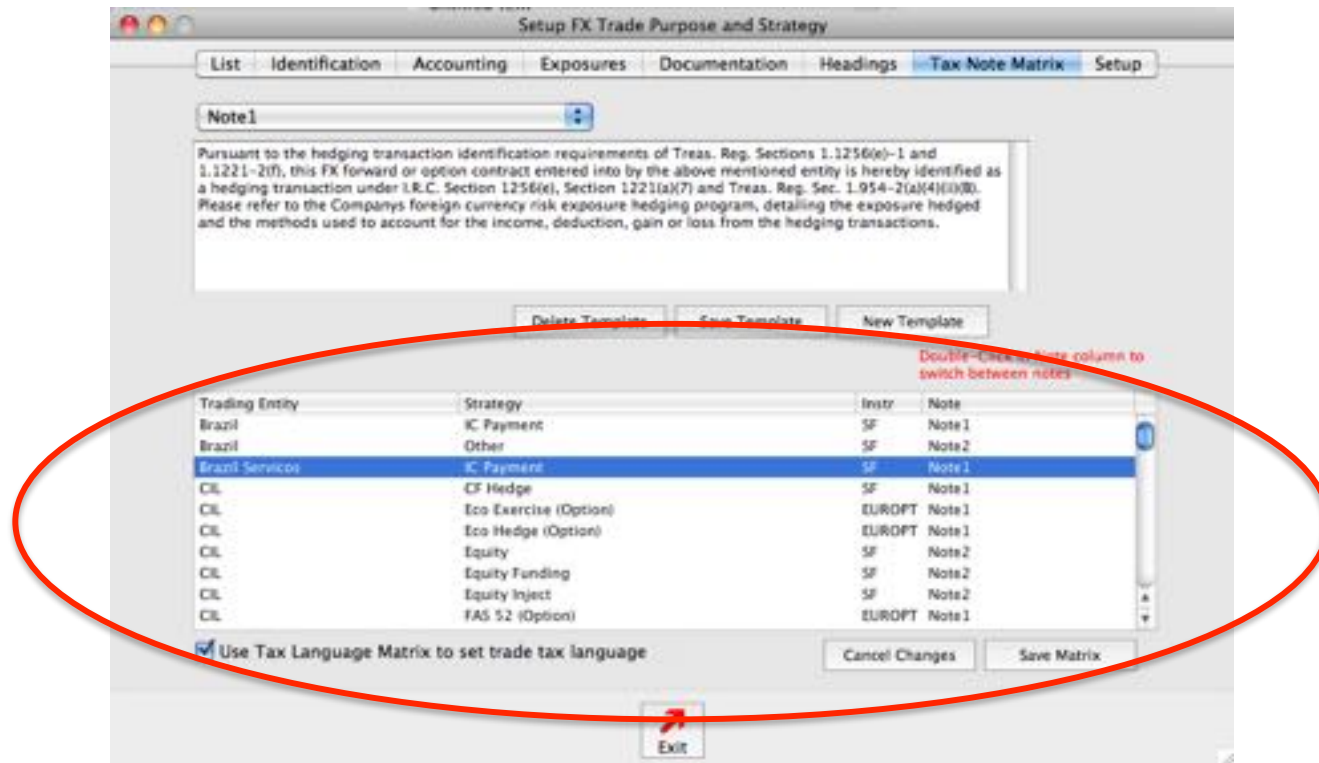
- Often times, there is a requirement for trades to include specific language relating to the tax status of the trade
- The “Tax Note Matrix” tab of the Trade Purpose/Strategy window provides the UI for setting note language and declaring rules for assigning particular notes to trades based on Trade Purpose/Strategy
- Unlike the Identification, Accounting, Exposures and Documentation tabs, the “Tax Note Matrix” tab is unrelated to your selection on the “List” tab. The Tax Note Matrix UI is self contained

Tax Note Matrix



- Use the top section of the panel to setup tax notes
- A tax note (referred to as a Template) is simply a block of text associated with a name
- In this example, we have a note which we have named as “Note1”
- You may have as many different notes as desired

Tax Note Matrix



- Use the bottom section of the panel to identify which note each Trade Purpose/Strategy should resolve to the [TAX_MATRIX_NOTE] symbol
- To change the note selection for a Trade Purpose/Strategy, double-click in the Note column. Each time you double-click the cell value will change to the next note name. In the above example, we have 3 notes named Note1, Note2 and Note3. If I double-click on a Note1 value in the notes column, that value will change to Note2. Double-click again and it changes to Note3. Again and it rotates around to Note1 again
- Whenever you changes note choices, be sure to click “Save Matrix”. This saves the entire matrix