



Trax SPV and Derivative Accounting

Trax SPV Accounting™ provides, for accountants and finance directors in the securitisation industry, all the features and functionalities required for multi-issue and derivatives accounting and financial reporting. Major features include extensive automatic bookkeeping with auto-posting of interest receivable and payable, foreign exchange gains and losses, end of period revaluation and reversal of closing entries. Real and pseudo-consolidation of period-end adjusted accounts can be undertaken at any date. The installation can benefit from reliable, fixed format data flows providing up-to-date fx, stock exchange information.

The system is designed to produce detailed reporting on bond emissions, linked loans and related derivative deals. Specific tools allow regrouping and detailed reporting according to the bond emission hierarchy of all related deal types. This is based on the **TraxAnalytical** module. It dramatically reduces the number of security types, deals and accounts that must be created and maintained and it requires less intervention on your part with respect to the chart of accounts and financial statement layout.

The links between the bond issue or adjacent assets and related loans, hedge operations (CDS, CRS, Options or other derivatives) and connected fees are easily managed. After the emission or adjacent assets are booked appropriate routines assist the user in booking all related deals, proposing amounts and other information emanating from the base deal. The link between deals – through ISIN code - is recorded and used later in reporting.

Using securities in bond emission deals and linking loans to those will be sufficient for **TraxAnalytical** to prepare analytical financial statement reports and provide detailed results to the analytical version of the **TraxCell** MS-Excel-merge module.

Trax SPV thus delivers full analytic (by ISIN) booking, management and reporting for Subjacent Assets, Note Issue Securitisation and Derivatives:

- Notes Emission / Adjacent Assets
- Linked Loan / Linked Borrowing
- Interest Rates Swap Loan / Interest Rates Swap Borrowing
- Cross Currency Swap Loan / Cross Currency Swap Borrowing
- Credit Default Swap Loan / Credit Default Swap Borrowing
- Option Loan / Option Borrowing
- Equity Swap Loan / Equity Swap Borrowing

and control statements for related fees

- Issue Fees
- Syndication Commissions
- Sub-primes
- Over-primes
- Up Front Fees Received
- Up Front Fees Paid

This is not an exhaustive list and other types of deals or fees may readily be accommodated



IFRS and Lux-GAAP

The system respects the different approaches required between IFRS and Lux-GAAP. You may switch between accounting methods through posting specific analytical bookkeeping batches (individual reversal and global re-allocation). You retain the possibility of switching back and forth between IFRS and Lux-GAAP.

Switching is achieved by applying a specific accounting procedure in order to accommodate alternative accounting standards, including the amortization of specific fees. For example option premia registered as one-spot can be amortised and provisioned. The range of possibilities for recording and processing such fees - receivable and payable - is extended to allow each deal to be processed individually and according to its specific amortization or provision schedule. All of these fees are related analytically and booked, processed and reported separately. In addition foreign exchange differences are individually allocated to each deal.

CONSOLIDATION

The system has a module designed to manage specific consolidation processes. Trax prepares an automatic data feed to external consolidation systems. This functions by extracting and re-processing accounting entries according to a predetermined set of parameters. This dynamic, analytical module provides conformity with group re-allocation requirements of all on- and off-balance sheet items. We currently have experience with Magnitude, Matisse, and Arpège consolidation systems.

The system allows production of accounts at any juncture through the life of the SPV, with full accrual and prepayment reversal. Accounts are produced ready for filing, complete with notes as required, and with user-definable customer output which can be produced in a selection of languages. Connections to mainframe and other data sources can be provided as part of the installation service.

Trax SPV Accounting™ may be specifically tailored to the needs of our clients. The consultation, tailoring and installation process for Trax systems is undertaken with great care over an extended period and guarantees that we do not leave our client premises until the client is completely satisfied with all aspects of functionality and performance.