Oracle Financial Services
Volatility Surface

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Get Help

Topics:

1.1 Get Help in the Applications

Use Help icons to access help in the application.

Note that not all pages have Help icons. You can also access the Oracle Help Center to find guides and videos.

Additional Resources

- Community: Use Oracle Cloud Customer Connect to get information from experts at Oracle, the Partner Community, and other users.
- Training: Take courses on Oracle Cloud from Oracle University.

1.2 Learn About Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program. Videos included in this guide are provided as a media alternative for text-based topics also available in this guide.

1.3 Get Support

You can get support at My Oracle Support.

For accessible support, visit Oracle Accessibility Learning and Support.

1.4 Get Training

Increase your knowledge of Oracle Cloud by taking courses at Oracle University.

1.5 Join Our Community

Use Cloud Customer Connect to get information from industry experts at Oracle and in the Partner Community. You can join forums to connect with other customers, post questions, and watch events.

1.6 Share Your Feedback

We welcome your feedback about Oracle Applications User Assistance. If you need clarification, find an error, or just want to tell us what you found helpful, we did like to hear from you.

You can email your feedback to My Oracle Support.

Thanks for helping us improve our User Assistance!

1.7 Before You Begin

Refer to following Documents:

• See What's New

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Volatility Surface

The Volatility Curve UI allows you to select the curve. The curve selected will contain volatility rates. If you select this option, all other curve attributes become disabled and the curve is used exclusively for managing volatility details.

> **Note:**
>
> For FTP Volatility, both the Terms tab and Historical Rates tab are available with this option. Volatility curves are used in FTP to calculate the Rate Lock Option Costs.

For ALM Volatility, only the Historical Rates tab is available. After you have saved the Yield Curve, you cannot change the selected Volatility Curve.

ALM Volatility is used to evaluate embedded options for the Black 76 market valuation.

For more information, see the Cash Flow Engine Referernce Guide.

Topics:

- Volatility Surface Summary Page
- Search Volatility Surface Rule
- Create Volatility Surface Rule
- View and Edit Volatility Surface Rule
- Copy Volatility Surface Rule
- Delete Volatility Surface Rule

2.1 Volatility Surface Summary Page

This page is the gateway to all Volatility Surface Rules and related functionality. You can navigate to other pages relating to Volatility Surface Rules from this point. The Volatility Surface Summary page displays the following columns:

Table 2-1   Volatility Surface Rule Summary– Fields and Descriptions

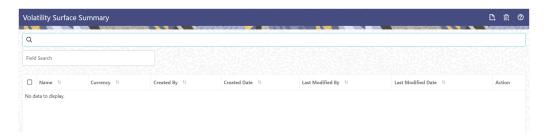| Columns	Description
Name	Displays the Volatility Surface Rule's short name.
Currency	Displays the Volatility Surface Rule's currency.
Created By	Displays the Name of the user who created the Volatility Surface Rule.
Created Date	Displays the Date and Time when Volatility Surface was created.
Last Modified By	Displays the Name of the user who last modified the Volatility Surface Rule.

Table 2-1   (Cont.) Volatility Surface Rule Summary– Fields and Descriptions

Columns	Description
Last Modified Date	Displays the Date and Time when Volatility Surface was modified last.
Access Type	Displays the access type of rule. It can be Read-Only or Read/Write.
Action	Displays the list of actions that can be performed on the Volatility Surface Rule. For more information, see Volatility Surface Rule – Icons and Descriptions.

Figure 2-1   Volatility Surface Rule Summary Page

The Action column on the Volatility Surface Rule Summary page offers several actions that allow you to perform different functions. The following actions are available for the Volatility Surface Rules.

Table 2-2   Volatility Surface Rule – Icons and Descriptions

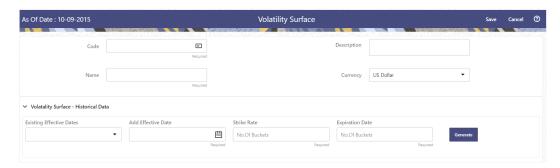| Fields	Description
Add	Click Add icon at the top right of the Summary page to build a new Volatility Surface Rule.
Multiple Delete	Select one or more rules in the table and then click the (-) icon at the top right of the summary page to delete more than one rule at the same time.
View/Edit	Click on the **Action** icon against the Rule Name and select View/Edit to view or edit the contents of a Volatility Surface Rule in Read/Write format. Depending on user privileges the rule will open in either View or Edit mode.
Save As	Click on the **Action** icon against the Rule Name and select Save As to create a copy of an existing Volatility Surface Rule.
Delete	Click on the **Action** icon against the Rule Name and select Delete to delete an existing Volatility Surface Rule.

2.2 Create Volatility Surface Rule

To create a Volatility Surface Rule, follow these steps:

1. Navigate to the **Volatility Surfaces Rule Summary** page.

2. Click **Add**. The Volatility Surface Rule page is displayed.

Figure 2-2   Volatility Surface Rule

3. Enter the following details:
   Table: Volatility Surface Details

Fields	Description
Code	Enter the code of the Volatility Surface Rate Rule.
Name	Enter the name of the Volatility Surface Rate Rule.
Description	Enter the description of the Volatility Surface Rule. This is an optional field.
Currency	Select the currency of the Volatility Surface Rate Rule.

4. Navigate to **Volatility Surface Historical Data** section.

Figure 2-3   Volatility Surface Section

5. Enter the following details:
   Table: Volatility Surface sections

Fields	Description
Existing Effective Dates	Select the existing Effective Dates.
Add Effective Dates	Select the As of Date as Effective Dates using Add Effective Dates field.
Strike Rate	This is the Vertical Axis dimension of historical rates for an ALM Volatility Surface
Expiration Date	This is the Horizontal Axis dimension of historical rates for an ALM Volatility Surface. Select the desired Expiration Term from the drop-down list to complete the Volatility Matrix

6. Click **Generate**. Enter the Strike Rate and Expiration Date in Bucket Definition section. Effective Dates must be entered for each Expiration Term.

Figure 2-4   Bucket Definition

7. Click **Next**.

8. Enter the breakpoints for Strike Rate and Expiration Date in **Volatility Rates** section. For Strike Rate, enter values in ascending order. For Expiration Date, enter values in ascending order with values greater than the currently specified As of Date. At every intersection of Strike Rate and Expiration Date, enter a volatility amount in percent (that is, 25 = 25%).

Figure 2-5   Volatility Rates

9. Click **Apply**.

10. Click **Save**.

2.3 View and Edit Volatility Surface Rule

You can view existing Volatility Surface Rule, and you can edit existing Volatility Surface Rules, provided you have Read/Write privileges.

To view and edit a Volatility Surface Rule, follow these steps:

• Navigate to the **Reference Data** and select **Volatility Surface**.

• Search for a Rule. For further information, see the Search Volatility Surface section.

• Click on the **Action** icon against the Rule Name and select **View/Edit** to open the rule you want to update.

• Update the rule details.

• Click **Apply** or **Save**, depending on the rule type.

2.4 Copy Volatility Surface Rule

You can copy Volatility Surface Rules to avoid having to enter data multiple times. This saves time and effort and also reduces mistakes.

To copy a Volatility Surface Rule, follow these steps:

1. Navigate to the **Reference Data** and select **Volatility Surface**.

2. Search for a Rule.
   For more information, see the Search Volatility Surface section.

3. Click on the **Action** icon against the Rule Name and select **Save As** to duplicate the rule.

4. Select a folder where you want to save the rule copy.

5. Enter a unique name for the new rule.

6. Enter a brief description of the rule. (Optional)

7. Select the access type.

8. Click the **Save** button.

2.5 Delete Volatility Surface Rule

You can delete Volatility Surface Rules that are no longer required.

> **Note:**
>
> A Volatility Surface Rule cannot be retrieved after deletion.
>
> Restrictions on deleting Volatility Surface Rules are:
>
> • You cannot delete Volatility Surface Rules if you have only Read privileges. Only users with Read/Write privileges and pattern owners can delete Volatility Surface Rules.
>
> • You cannot delete a Volatility Surface Rule that has a dependency.

To delete a Volatility Surface Rule, follow these steps:

1. Navigate to the **Reference Data** and select **Volatility Surface**.

2. Search for a Rule.
   For more information, see the Search Volatility Surface section.

3. Click on the **Action** icon against the Rule Name and select **Delete**.