avaloq
An NEC Company

Financial Instruments

Customization Upgrade Guide
Release 5.4
Area: Financial Instruments

Latest version of this document

The latest version of this document can be found at https://docs.avaloq.com

Feedback

Please send any feedback to documentation@avaloq.com

Avaloq Group Ltd. Allmendstr. 140 ¦ CH-8027 Zürich ¦ Switzerland

Version history

Version / Date	Section	Description of the change
5.4v1 / 22 March 2023		Added a note about Asset Evaluation Engine changes in ACP 5.7.
5.4v0 / 21 January 2022		This is a new document for Release 5.4.

Contents

1 Introduction

In ACP Release 5.7 there are various customization changes associated with the **Asset Evaluation Engine**. You may decide to change your customization now, instead of waiting until you upgrade to ACP Release 5.7.

If you want to make the customization changes before you upgrade to 5.7, you can use a base parameter to enable the 5.7 behaviour in ACP Release 5.2 and later. For full details, see the *Financial Instruments – Customization Upgrade Guide (doc. ID: 4369)* for ACP Release 5.7.

This document is for customization specialists. It describes:

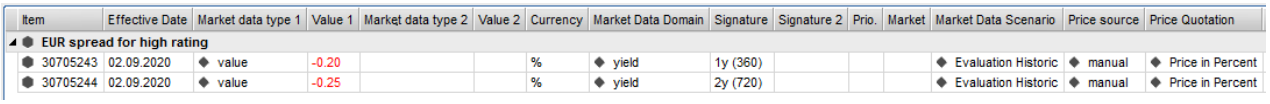
- Changes you may need to make to your existing customization **before** you upgrade to release 5.4 because of the removal of support in 5.4 for the following items from the `avq.ae` base parameter:

De-released base parameter items	Replacement	Migration details
`split_use_legacy_mode`	None	No migration necessary, because the consumers of the splitting functionality are all in the kernel. No object or doc migration is necessary.
`use_legacy_intr_crv`	None	The details are specified in the following section. Note that you can make the necessary changes, described belowS from Avaloq Core release 5.2. You don't have to wait until release 5.4 to make these changes.

1.1 De-release of use_legacy_intr_crv

The `avq.ae` base parameter's `use_legacy_intr_crv` item was used to control the way spread curves (object subtype md_spread_crv) stored data:

- In the legacy mode, the spread curve information was stored as zero rate in the market data domain yield, where used in the non-legacy mode, the information is storied as discount factors in the market data domain df_crv.
- In the new mode (non-legacy), the data is generated by the bootstrapping task 1871. In the old legacy mode, you had to enter directly the zero rates onto the spread curve object – see figure 1 and 2 below.



Item	Effective Date	Market data type 1	Value 1	Market data type 2	Value 2	Currency	Market Data Domain	Signature	Signature 2	Prio.	Market	Market Data Scenario	Price source	Price Quotation
EUR spread for high rating														
30705243	02.09.2020	value	-0.20			%	yield	1y (360)				Evaluation Historic	manual	Price in Percent
30705244	02.09.2020	value	-0.25			%	yield	2y (720)				Evaluation Historic	manual	Price in Percent

Figure 1: Legacy mode: spread curve

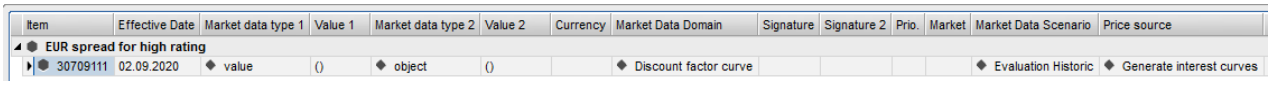


Figure 2: Non-legacy mode: spread curve

The spread curve object now also needs a source collection pointing to the list of spread curve MDOs which will be used in the bootstrapping task 1871.

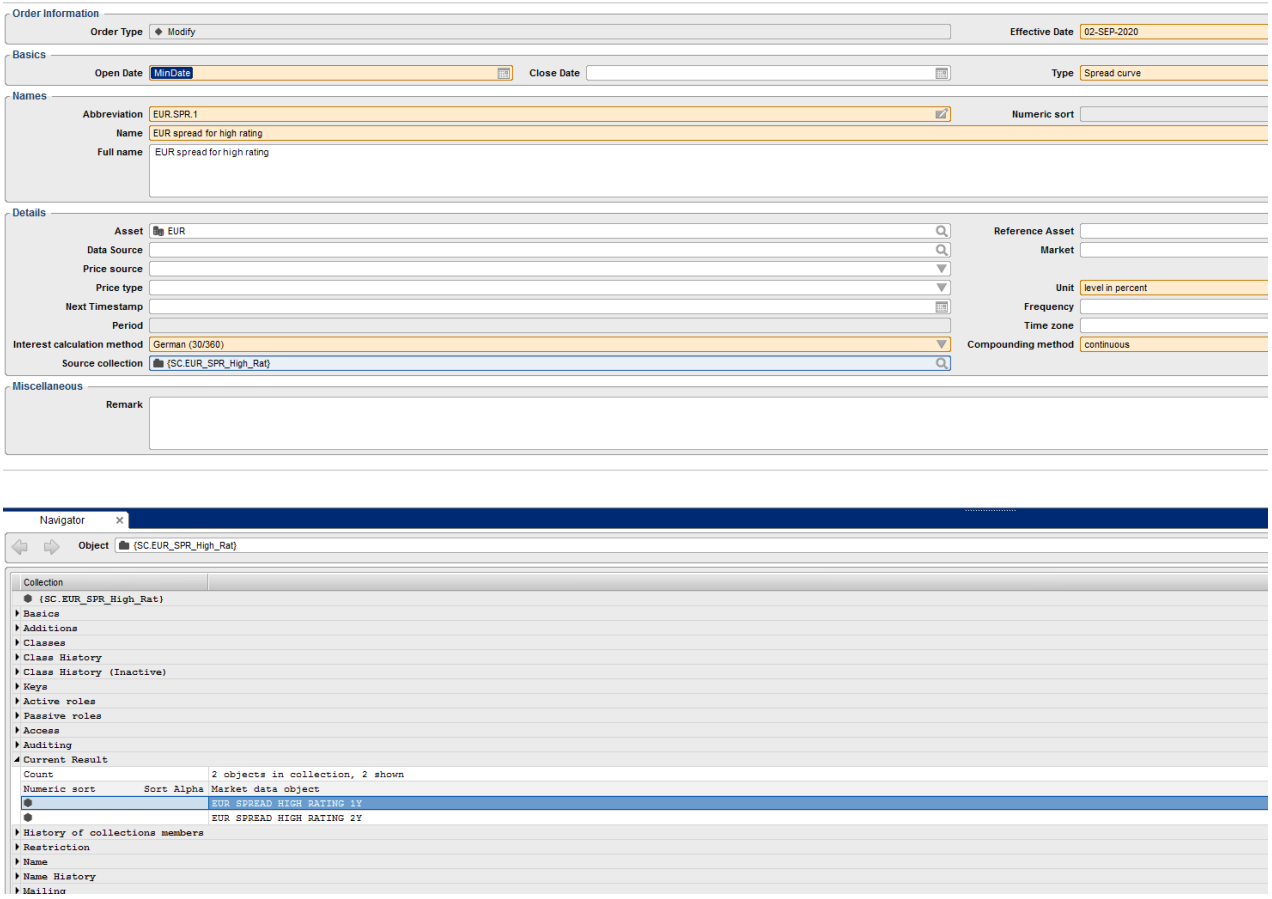


Figure 3: Spread curve object with collection of spread curve MDOs (non-legacy mode)

Each spread curve MDO needs calendar details to be set to identify its position on the curve.

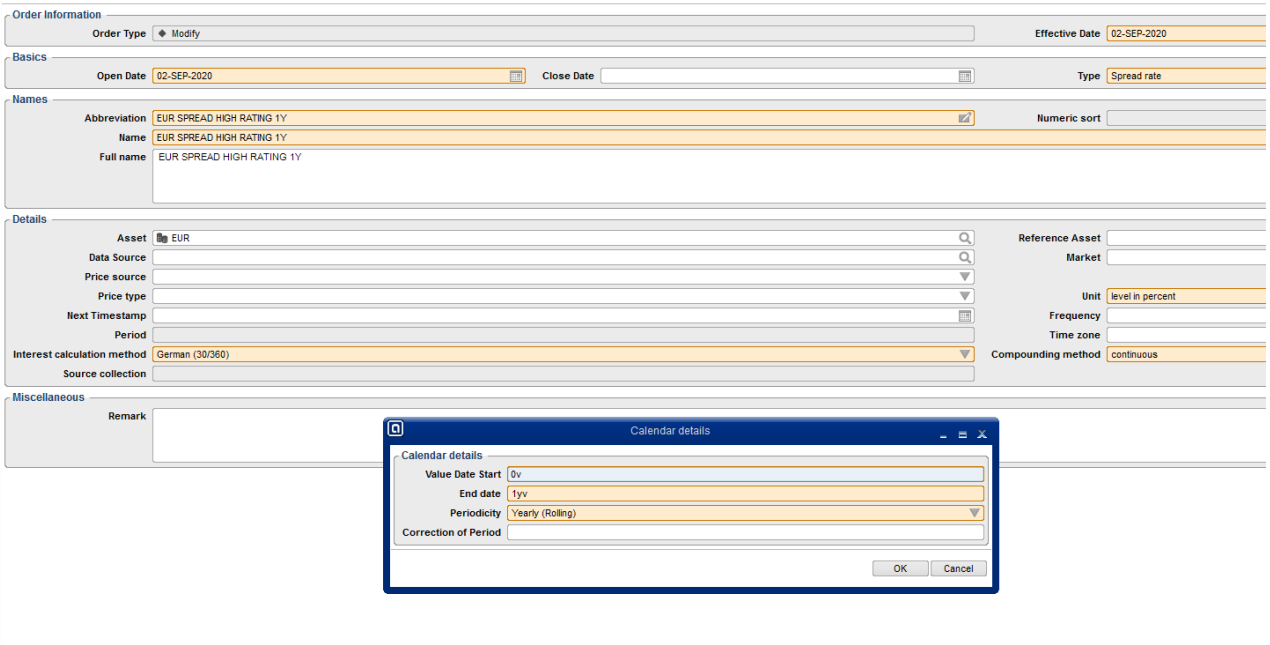


Figure 4: Spread curve MDO (non-legacy mode)

Finally, we need to feed market data to each point in MD domain "INTR".

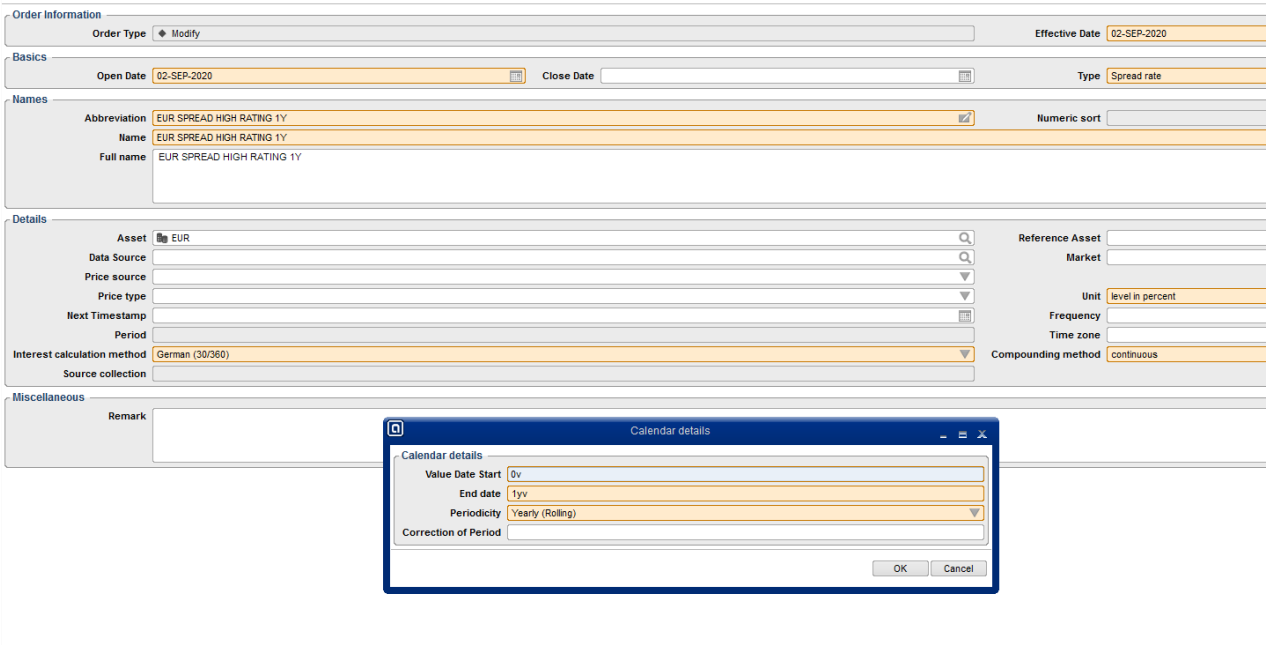


Figure 5: Market data domain of the spread curve MDO

Because the spread curve data is stored differently in the non-legacy mode, one has to bootstrap the spread curves for all backdated dates needed, to be able to use it.