

FINCAD® VERSION 9 – Why You Don't Want to Miss Out

This article explores the latest coverage in our newly released FINCAD XL and FINCAD Developer Version 9. To download a free 7-day trial of FINCAD XL v9 or FINCAD Developer v9, please visit <http://www.fincad.com/download.asp?id=13800&s=Downloads&n=FINCAD%20XL>.

A Word of Thanks

FINCAD would like to thank all of the customers who helped us break our record for the most customer feedback in one year, measured by survey responses and client visits.

Version 9 has been Released!

The pace of financial instrument innovation continues to increase. Financial professionals are looking to FINCAD not only to provide them with new instrument valuation coverage, but also to provide new and improved valuation models, calibration methods and enhanced curve building techniques. That's why FINCAD® offers annual product upgrades to its customers - a way for customers to continually have access to the latest FINCAD valuation tools. Below is a brief overview of the new features in Version 9.

Curve Building in v9

Many financial professionals could potentially benefit from the improvements we have made to our curve building features in v9. With the addition of our quadratic forwards and improved linear forward rates, our customers will be able to fine tune their instrument pricing. We recommend that you read the article, "Revisiting the Art and Science of Curve Building", which includes a discussion of the curve building features added in v9.

Interest Rate Derivatives in v9

We have added the LIBOR Market Model (LMM) that allows you to value callable snowballs and Bermudan Swaptions.

We also now support valuation of callable capped floater swaps, callable inverse floater swaps and callable range accrual swaps (workbook included). New credit exposure for interest rate swaps valuation capabilities have been included in v9 as well as new 30/360 accrual methods (SIA, BMA and German).

To view FINCAD's entire Interest Rate derivative coverage, please visit www.fincad.com.

Bonds in v9

We have added jurisdictional bond functions in v9 including: Chile, Columbia, Czech Republic, Hong Kong, Iceland, India, Italy, Korea, Lithuania, Malaysia, Norway, Portugal, Slovakia and Thailand.

Credit Derivatives in v9

Our hedge fund and other asset management customers requested increases to the instrument coverage and risk assessment features in our credit derivatives coverage that have now been incorporated in Version 9. V9 credit enhancements include:

1. Better assessment of risk

- a. Sensitivity risk measures: greeks and sensitivities on basket CDS (delta, theta, rho of correlation, recovery rate delta, correlation delta, credit spread delta)

2. Improved ease of use

- a. Fewer inputs
- b. More synthetic coverage (underlying is a credit default swap rather than a bond). If you are interested in learning how to value synthetic CDOs using v9, contact a FINCAD sales representative.
- c. Work with default probability curves or swap spreads

3. Enhanced instrument coverage

- a. Implied correlation – allows people to work with different instruments
- b. CDS indices & options on indices

Equities in v9

Corporate valuation of ESOs is now easier with our updated ESO models in v9 which include:

- the ability to specify a *time-varying knock-in barrier*, whereby the ESO only comes into existence if the underlying share price reaches the level of the barrier,
- an allowance for time-varying volatility of the underlying share price. This is a handy feature for you to use if you expect the volatility of the stock to change during certain future periods of time, and
- a significantly improved ESO workbook template and the enhanced FINCAD function, aaESO_HW_enhanced2_p.

If you are interested in learning how to value employee stock options we encourage you to read the article, "How to Value Employee Stock Options Using FINCAD XL Version 9".

Improved Error Handling in v9

FINCAD XL

v9's improved data validation and documentation combined with the new Function Wizard will steer you to the source of a "#VALUE!" spreadsheet error quicker than ever before.

Avoid having to go through a tedious searching task and having to remember every function input and syntax used in your spreadsheet calculations. To learn more about error checking in FINCAD XL, please read "Error Checking with FINCAD's Function Wizard".

FINCAD Developer

The latest version of FINCAD Developer provides enhancements that make it easier than ever before to identify what part of a function argument caused a function to fail by associating error codes with input restrictions. When a given function returns an error code, you simply lookup the code on the function reference page to identify the source of the function input error. View Input Error example. To learn more about error handling in FINCAD Developer v9, please read, "Input Validation in FINCAD® Developer Version 9".

Need More Info?

FINCAD XL and FINCAD Developer v9 is available for a free trial for 7-days. If you have any questions about v9, please contact a FINCAD sales representative.

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