What is claimed is:

1. A method of creating a rate-negotiated, standardized-coupon financial instrument comprising:

negotiating a coupon between two parties;

electronically implying or approximating at least one forward curve and a discount curve to be consistent with the negotiated coupon on at least one processor; and

electronically determining a consistent value for a swap with a different coupon on at least one processor;

whereby a financial instrument negotiated in rate terms can be substituted with an equivalent position in an instrument with a different coupon rate, at an adjusted price.

2. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further wherein electronically determining the consistent value for a swap with a different coupon comprises determining the net present value (NPV) of the interest rate swap written as the difference between the present values of two interest payment legs.

3. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 2 further wherein electronically determining the consistent value for a swap with a different coupon comprises determining the net present value (NPV) of the interest rate swap written as the difference between the present values of fixed coupon payments and floating coupon payments.

4. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 2 further wherein electronically determining the consistent value for a swap with a different coupon comprises determining the net present value (NPV) of the interest rate swap written as the difference between the present values of floating coupon payments with a reference rate plus a fixed coupon and floating coupon payments with a different reference rate.

5. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 2 further wherein electronically determining the consistent value for a swap with a different coupon comprises utilizing:

$$NPV(c,t) = c\sum_{i=1}^{N} \tau_{a,i} DF(t,T_{a,i}) - \sum_{i=1}^{N} L(t,T_{f,i})\tau_{a,i} DF(t,T_{a,i})$$

where,

c is a fixed coupon;

$L(t,T_{i,i})$ is the forward rate at t , relevant to the floating payment at $T_{i,i}$;

$DF(t,s)$ is the discount factor from t to s , $t \leq s$; and

$\tau_{i,i}, \tau_{i,i}$ are the year fractions of the accrual period for fixed and floating payments respectively.

6. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 2 further wherein electronically determining the consistent value for a swap with a different coupon comprises utilizing:

$$NPV(c_1,t) - NPV(c_2,t) = (c_1 - c_2)A(t),$$

where,

c_1 is a fixed coupon;

c_2 is a quoted par swap rate, implying $NPV(c_2,t) = 0$ . . . ; and

$$A(t) \triangleq \sum_{i=1}^{N} \tau_{0,i} DF(t,T_{0,i}),$$

7. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 2 further wherein electronically determining the consistent value for a swap with a different coupon comprises utilizing:

$$NPV(c_2,t) \approx NPV(c_2,t_0) + DV01(c_1,t_0) \times (c \quad c_0)$$

where,

c_1 is a fixed coupon; and

c is the quoted par coupon.

8. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 2 further comprising determining the consistent value for a swap with a different coupon by utilizing:

$$NPV(c,t) = \sum_{i=1}^{N} (c + L_1(t,T_{1,i}))\tau_{1,i} DF(t,T_{1,i}) - \sum_{i=1}^{N} L_2(t,T_{2,i})\tau_{2,i} DF(t,T_{2,i}),$$

where,

c is a fixed coupon;

$L_1(t,T_1(1,i))$, $L_2(t,T_1(2,i))$ are the rates at t determined by two forward curves, relevant to the floating payments at $T_{1,i}, T_{2,i}$ respectively;

$DF(t,s)$ is the discount factor from t to s , $t \leq s$; and

$\tau_{1,0}, \tau_{2,1}$ are the year fractions of the accrual periods of the two floating payments respectively.

9. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further wherein electronically implying or approximating the at least one forward curve and the discount curve comprises using a London InterBank Offered Rate (LIBOR) curve.

10. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further wherein electronically implying or approximating the at least one forward curve comprises using a London InterBank Offered Rate (LIBOR) curve and electronically implying or approximating the discount curve comprises using an overnight indexed swap (OIS) curve.

11 The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further including adding or subtracting a constant from the NPV to obtain the price.

12. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further wherein electronically determining a consistent value for the swap with a different coupon comprises electronically determining a consistent value for a spot starting swap.

13. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further wherein electronically determining a consistent value for the swap with a different coupon comprises electronically determining a consistent value for a forward-starting swap.

14. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further comprises creating a rate-negotiated, standardized-coupon cleared swap.

15. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further comprises creating a rate-negotiated, standardized-coupon future.

16. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further including selecting the at least one microprocessors from the group comprising one processor, more than one processor, and combinations thereof.

17. A rate-negotiated, standardized-coupon financial instrument obtained by a process, the process comprising:

negotiating a coupon between two parties;

implying or approximating at least one forward curve and a discount curve consistent with the negotiated coupon; and

determining a consistent value for a swap with a different coupon;

whereby a financial instrument negotiated in rate terms can be substituted with an equivalent position in an instrument with a different coupon rate, at an adjusted price.

18. The rate-negotiated, standardized-coupon financial instrument obtained by a process of claim 17 further comprising determining the consistent value for a swap with a different coupon by utilizing the net present value (NPV) of the interest rate swap written as the difference between the present values of interest payment legs.

19. The rate-negotiated, standardized-coupon financial instrument obtained by a process of claim 18 further wherein electronically determining the consistent value for a swap with a different coupon comprises determining the net present value (NPV) of the interest rate swap written as the difference between the present values of fixed coupon payments and floating coupon payments.

20. The rate-negotiated, standardized-coupon financial instrument obtained by a process of claim 18 further wherein electronically determining the consistent value for a swap with a different coupon comprises determining the net present value (NPV) of the interest rate swap written as the difference between the present values of floating coupon payments with a reference rate plus a fixed coupon and floating coupon payments with a different reference rate.

21. A general-purpose digital computer programmed to carry out a series of steps, the series of steps to electronically clear and settle a rate-negotiated, standardized-coupon financial instrument comprising:

negotiating a coupon between two parties;

implying or approximating at least one forward curve and a discount curve consistent with the negotiated coupon; and

determining a consistent value for a swap with a different coupon;

whereby a financial instrument negotiated in rate terms can be substituted with a equivalent position in an instrument with a different coupon rate, at an adjusted price.

22. The general-purpose digital computer programmed to carry out a series of steps, the series of steps to electronically clear and settle a rate-negotiated, standardized-coupon financial instrument of claim 23 further comprising determining the consistent value for a swap with a different coupon by utilizing the net present value (NPV) of the interest rate swap written as the difference between the present values of interest payment legs.

23. A computer program product, comprising a computer usable medium having a computer readable program code embodied therein, the computer readable program code adapted to be executed to implement a method for clearing and settling a non-biased financial instrument, the method comprising:

negotiating a coupon between two parties;

implying or approximating at least one forward curve and a discount curve consistent with the negotiated coupon; and

determining a consistent value for a swap with a different coupon;

whereby a financial instrument negotiated in rate terms can be substituted with a equivalent position in an instrument with a different coupon rate, at an adjusted price.

24. A non-biased financial instrument comprising:

negotiating a coupon between two parties;

means for implying or approximating at least one forward curve and a discount curve consistent with the negotiated coupon; and

means for determining a consistent value for a swap with a different coupon;

whereby a financial instrument negotiated in rate terms can be substituted with a equivalent position in an instrument with a different coupon rate, at an adjusted price.

What is claimed is:

1. A method of creating a rate-negotiated, standardized-coupon financial instrument comprising:

receiving in a memory a coupon negotiated in rate terms between two parties;

approximating by at least one processor in communication with the memory at least one forward curve and a discount curve to be economically equivalent to the negotiated coupon;

determining by at least one processor an economically equivalent value for a swap with a different coupon; and

substituting by at least one processor a financial instrument negotiated in rate terms with an equivalent position in an instrument with a different coupon rate, at an adjusted price.

2. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further wherein determining by at least one processor the consistent value for a swap with a different coupon comprises determining the net present value of the interest rate swap written as the difference between the present values of two interest payment legs.

3. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 2 further wherein determining by at least one processor the consistent value for a swap with a different coupon comprises determining the net present value of the interest rate swap written as the difference between the present values of fixed coupon payments and floating coupon payments.

4. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 2 further wherein determining by at least one processor the consistent value for a swap with a different coupon comprises determining the net present value of the interest rate swap written as the difference between the present values of floating coupon payments with a reference rate plus a fixed coupon and floating coupon payments with a different reference rate.

5. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 2 further wherein determining by at least one processor the consistent value for a swap with a different coupon comprises utilizing:

$$NPV(c,t) = c\sum_{i=1}^{N} \tau_{c,i} DF(t, T_{c,i}) - \sum_{i=1}^{N} L(t, T_{l,i}) \tau_{l,i} DF(t, T_{l,i})$$

where,

NPV is net present value;

c is a fixed coupon;

t is time;

$L(t, T_{l,i})$ is the forward rate at t, relevant to the floating payment at $T_{l,i}$;

$DF(t, s)$ is the discount factor from t to s, $t \leq s$; and

$\tau_{s,i}, \tau_{l,i}$ are the year fractions of the accrual period for fixed and floating payments respectively.

6. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 2 further wherein determining by at least one processor the consistent value for a swap with a different coupon comprises utilizing:

$$NPV(c_1, t) - NPV(c_2, t) = (c_1 - c_2)A(t),$$

where,

NPV is net present value;

c_1 is a fixed coupon;

t is time;

c_2 is a quoted par swap rate, implying $\mathbf{NPV(c_2, t) = 0}$ . . . ; and

$$A(t) \triangleq \sum_{i=1}^{N} \tau_{c,i} DF(t, T_{c,i}),$$

7. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 2 further wherein determining by at least one processor the consistent value for a swap with a different coupon comprises utilizing:

$$\mathbf{NPV(c_1, t) \approx NPV(c_1, t_0) + DV01}(c_1, t_0) \times (c - c_0)$$

where,

NPV is net present value;

c_1 is a fixed coupon;

t is time; and

c is the quoted par coupon.

8. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 2 further comprising determining by at least one processor the consistent value for a swap with a different coupon by utilizing:

$$NPV(c,t) = \sum_{i=1}^{N} \left(c + L_1(t,T_{1,i})\right)\tau_{1,i} DF(t,T_{1,i}) - \sum_{i=1}^{M} L_2(t,T_{2,i})\tau_{2,i} DF(t,T_{2,i}),$$

where,

NPV is net present value;

c is a fixed coupon;

t is time;

$L_1 1\ (t,T_1(1,i))$, $L_1 2\ (t,T_1(2,i))$ are the rates at t determined by two forward curves, relevant to the floating payments at $T_{1,i}, T_{2,i}$ respectively;

$DF(t,s)$ is the discount factor from t to s, $t \leq s$; and

$\tau_{1,i}, \tau_{2,i}$ are the year fractions of the accrual periods of the two floating payments respectively.

9. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further wherein approximating by at least one processor the at least one forward curve and the discount curve comprises using a London InterBank Offered Rate curve.

10. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further wherein approximating by at least one processor the at least one forward curve comprises using a London InterBank Offered Rate curve and approximating on at least one processor the discount curve comprises using an overnight indexed swap curve.

11. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further including adding or subtracting by at least one processor a constant from the net present value to obtain the price.

12. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further wherein determining by at least one processor a consistent value

for the swap with a different coupon comprises determining by at least one processor a consistent value for a spot starting swap.

13. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further wherein determining by at least one processor a consistent value for the swap with a different coupon comprises determining by at least one processor a consistent value for a forward-starting swap.

14. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further comprising creating by at least one processor a rate-negotiated, standardized-coupon cleared swap.

15. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further comprising creating by at least one processor a rate-negotiated, standardized-coupon future.

16. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further including selecting the at least one microprocessors from the group comprising one processor, more than one processor, and combinations thereof.

17. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further comprising substituting by at least one processor a rate-negotiated future into a standardized-coupon swap.

18. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further comprising substituting by at least one processor a rate-negotiated future into a standardized-coupon future.

19. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further comprising substituting by at least one processor a rate-negotiated swap into a standardized-coupon swap.

20. The method of creating a rate-negotiated, standardized-coupon financial instrument of claim 1 further comprising substituting by at least one processor a rate-negotiated swap into a standardized-coupon future.