Hedge Relationship - By FX Trade Request

PURPOSE

This document explains how to create/ maintain hedge relationship from FX Trade Request and to allocate APAR items.

WHY IS THIS IMPORTANT?

This screen provide a quick method to create hedge relationship between Forecast Transaction, FX Trades and APAR Transaction. This relationship is necessary for managing IFRS & hedge accounting set up.

PROCEDURE

1. From the main menu, click Transaction > Hedging > Maintain Relationship > By FX Trade Request. The below screen is displayed.



2. To filter for Hedging Relationship – by FX Trade Request, select the accounting centre from the Acct Cntr drop down field and key in mandatory fields Fr Date* and To Date *. Then, click Refresh. The below screen is displayed.

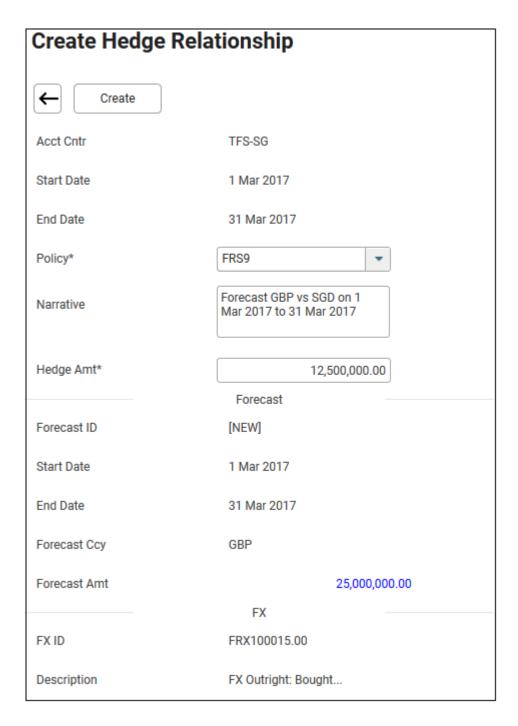


3. Request items that does not have an existing Hedge Relationship set up between the Forecast and FX transactions would not have a Hedge ID. However, such items has a hyperlink on the Request ID.

4. For Forecast and FX transaction with Hedge Relationship already set up, Hedge ID column will indicate those existing relationship.

Creating Hedging Relationship

5. To create hedge relationship for Forecast and Foreign Exchange transactions, select an item by clicking Request ID hyperlink say e.g. REQ100002.00. The below screen is displayed.



6. In this screen, you will see the Forecast and Foreign Exchange transaction to link.

7. To create the hedge relationship, select the policy from the policy drop down field. If you do not see your desired policy, please see user guide to set up the policy, click <u>here</u>.

Narrative is auto populated with the forecast trade request details. This is amendable.

The Hedge Amt * in Create Hedge Relationship screen will be defaulted to FX Trade Amt. This amount will be used to compute the hedge % in hedge relationship. User may change the hedge amount. This may have consequences on accounting.

8. Click on the create button to create a new Hedge Relationship. You will be return to the Hedging Relationship - by FX Trade Request. You can see that a Hedge ID has been assigned.



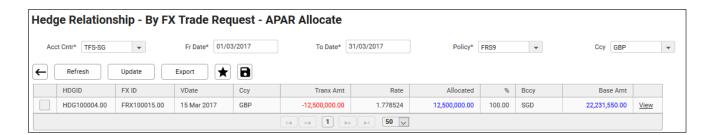
- 9. To create relationships for multiple requests, tick on the check box of Quick Relationship Create and select the check box of next to the Request ID.
- 10. Select the policy from the Apply Policy to All drop down field to apply to the selected items and click Create. Hedge ID will be assigned to the selected requests.



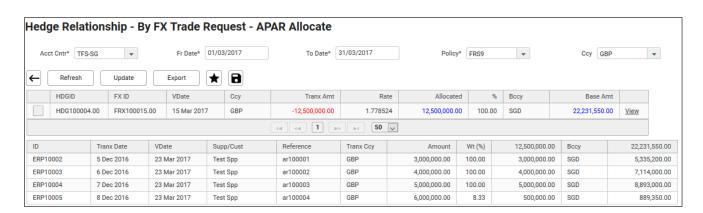
APAR Allocation

11. To create and assign APAR, click on APAR Allocate button in Hedging Relationship - by FX Trade Request screen.

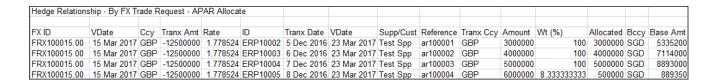
- 12. Select the Acct Cntr, From Date and To Date and Policy and Ccy.
- 13. Click Refresh.
- 14. The screen will retrieve those Hedge ID without APAR assignment. In this refresh, the system would have allocated APAR assignment to FX Trades systematically on a FIFO basis.



15. To view the allocation of the APAR items for each Hedge ID, click view. System will display the allocation. This is not editable.



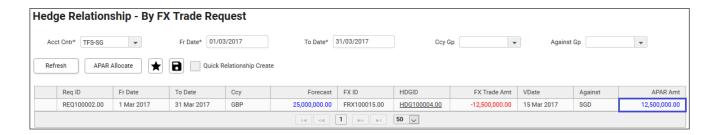
16. To export the forecast trade request with the allocated APAR items, click on Export button .



- 17. To save the allocation of APAR, select the trade by clicking on the check box(s) beside to Trade ID and click Update.
- 18. Once updated, Hedge ID with APAR items allocated will not be shown in this screen anymore.

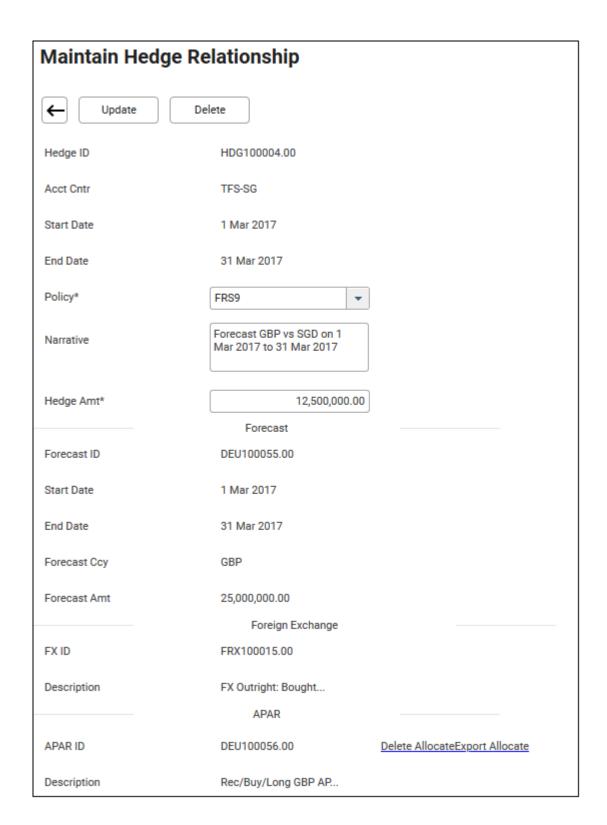


19. Click to return to Hedge Relationship - By FX Trade Request screen. APAR amount will be updated.



Maintain Hedge Relationship

20. To Maintain Hedge Relationship, select an item by clicking on Hedge ID Hyperlink. The below screen is displayed.



- 21. In this screen, you will see the Forecast, Foreign Exchange trade and APAR transaction details.
- 22. To delete the allocated APAR allocation, click on Delete Allocate hyperlink.
- 23. To export the allocated APAR items, click on Export Allocate hyperlink.
- 24. To update the details, click on Update button in Maintain Hedge Relationship

screen.

- 25. To delete hedge relationship, click on Delete button in Maintain Hedge Relationship screen. When this is done, the APAR allocation to the APAR trade will also be released.
- 26. To return to Hedge Relationship By Forecast Trade Request screen, click on button.

FREQUENTLY ASKED QUESTIONS

RELATED INFORMATION

CHANGE HISTORY

| Date | Ву | Changes |
|-------------|-------|-----------------------------------|
| 02-Арг-2018 | Anuja | Created. |
| 30-May-2018 | Anuja | Updated with latest screen shots. |
| 02-Mar-2020 | Lуга | Updated with latest screen shots. |