

Maintain Hedging Policy (W5)

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PURPOSE

This document shows the detailed procedure of maintaining hedging policy in the system.

WHY IS THIS IMPORTANT?

Hedging policy is required for creating hedging relationship in the system.

PROCEDURE

1. From the main menu, click Transaction > Hedging > Maintenance > Policy. The below screen will be displayed.

Maintain Hedging Policy						
<div>Refresh New Duplicate Delete Approve </div>						
App?	Shortname	Risk	Type	Eff Limits	Test Methodology	Stress
No records found.						
<div>1 of 1 < 1 of 1 1 of 1 1 of 1 50 </div>						

2. To create a new policy, click New.

New Hedging Policy

Shortname*	<input type="text"/>
Risk Type*	<input type="text"/> ▼
Hedge Type*	<input type="text"/> ▼
Effectiveness Lower (%)*	<input type="text" value="80.00"/>
Effectiveness Upper (%)*	<input type="text" value="125.00"/>
Test Methodology*	<input type="text"/> ▼
Stress Level +/- (%)	<input type="text"/>

3. Enter a short name for the hedging policy.
4. Select the Risk Type whether is a foreign exchange risk or interest rate risk.
5. Select the hedge type, cash flow or fair value.
6. Effectiveness Lower (%) is defaulted to 80.00. You may change it.
- 7 . Effectiveness Upper (%) is defaulted to 125.00. You may change it.
8. Select the Test Methodology whether based on Dollar Offset or Regression Analysis.
9. Lastly, you may enter the stress level, +/- in percentage. This is optional field.

New Hedging Policy

Shortname*

Risk Type* ▼

Hedge Type* ▼

Effectiveness Lower (%)*

Effectiveness Upper (%)*

Test Methodology* ▼

Stress Level +/- (%)

10. Click Create.

11. A popup appears, click OK to confirm.

12. You will be returned to Maintain Hedging Policy screen.

Maintain Hedging Policy							
<input type="button" value="Refresh"/> <input type="button" value="New"/> <input type="button" value="Duplicate"/> <input type="button" value="Delete"/> <input type="button" value="Approve"/> <input type="button" value="↓"/>							
	App? ↕	Shortname ↕	Risk ↕	Type ↕	Eff Limits ↕	Test Methodology ↕	Stress ↕
<input type="checkbox"/>	N	<u>Policy A</u>	Foreign Exchange	Cash Flow	80.0% - 125.0%	Dollar Offset	+/- 25.0%

13. Newly created policy will need to be approved. Tick on the checkbox of the newly created policy and click Approve. Once approved, you will not see an "N".

Maintain Hedging Policy							
<input type="button" value="Refresh"/> <input type="button" value="New"/> <input type="button" value="Duplicate"/> <input type="button" value="Delete"/> <input type="button" value="Approve"/> <input type="button" value="↓"/>							
	App? ↕	Shortname ↕	Risk ↕	Type ↕	Eff Limits ↕	Test Methodology ↕	Stress ↕
<input type="checkbox"/>		<u>Policy A</u>	Foreign Exchange	Cash Flow	80.0% - 125.0%	Dollar Offset	+/- 25.0%

14. To amend a policy, simply click on the policy short name.

Maintain Hedging Policy

	App? ↕	Shortname ↕	Risk ↕	Type ↕	Eff Limits ↕	Test Methodology ↕	Stress ↕
<input type="checkbox"/>		<u>Policy A</u>	Foreign Exchange	Cash Flow	80.0% - 125.0%	Dollar Offset	+/- 25.0%

15. In the Amend Hedging Policy screen, amend the fields accordingly.

Amend Hedging Policy

Shortname*

Risk Type*

Hedge Type*

Effectiveness Lower (%)*

Effectiveness Upper (%)*

Test Methodology*

Stress Level +/- (%)

16. Click Update when completed. All the changes made will be logged under the History button.


17. You will be returned to Maintain Hedging Policy screen.




Maintain Hedging Policy

	App? ↕	Shortname ↕	Risk ↕	Type ↕	Eff Limits ↕	Test Methodology ↕	Stress ↕
<input type="checkbox"/>	N	<u>Policy A</u>	Foreign Exchange	Cash Flow	80.0% - 100.0%	Dollar Offset	+/- 25.0%

18. Amended policy requires approval. Tick on the checkbox of the amended policy and click Approve.

Maintain Hedging Policy


Refresh New Duplicate Delete Approve 








	App? 	Shortname 	Risk 	Type 	Eff Limits 	Test Methodology 	Stress 
<input type="checkbox"/>		<u>Policy A</u>	Foreign Exchange	Cash Flow	80.0% - 100.0%	Dollar Offset	+/- 25.0%

19. If you need to duplicate a policy, select the policy to duplicate by ticking on its checkbox and click Duplicate.

20. The policy will be duplicated.


Maintain Hedging Policy








Refresh New Duplicate Delete Approve 

	App? 	Shortname 	Risk 	Type 	Eff Limits 	Test Methodology 	Stress 
<input type="checkbox"/>	N	<u>Policy A(1)</u>	Foreign Exchange	Cash Flow	80.0% - 100.0%	Dollar Offset	+/- 25.0%
<input type="checkbox"/>		<u>Policy A</u>	Foreign Exchange	Cash Flow	80.0% - 100.0%	Dollar Offset	+/- 25.0%

21. To delete a policy, tick on the checkbox of the policy to be deleted and click Delete.

Maintain Hedging Policy


Refresh New Duplicate **Delete** Approve 








	App? 	Shortname 	Risk 	Type 	Eff Limits 	Test Methodology 	Stress 
<input checked="" type="checkbox"/>	N	<u>Policy A(1)</u>	Foreign Exchange	Cash Flow	80.0% - 100.0%	Dollar Offset	+/- 25.0%
<input type="checkbox"/>		<u>Policy A</u>	Foreign Exchange	Cash Flow	80.0% - 100.0%	Dollar Offset	+/- 25.0%

22. A popup appears to confirm to delete the selected policy. Click OK.

23. The policy will be deleted.

Maintain Hedging Policy

Refresh New Duplicate Delete Approve 

	App? 	Shortname 	Risk 	Type 	Eff Limits 	Test Methodology 	Stress 
<input type="checkbox"/>		<u>Policy A</u>	Foreign Exchange	Cash Flow	80.0% - 100.0%	Dollar Offset	+/- 25.0%

FREQUENTLY ASKED QUESTIONS

RELATED INFORMATION

[Maintain Hedging Relationship](#)

CHANGE HISTORY

Date	By	Changes
20-Dec-2016	TS	Created.
5-Jun-2018	Anuja	Updated instruction in step 1 and latest screen shots.
9-Dec-2019	Lyra	Updated Screenshots.