

Maintain Hedging Policy

[See the previous W5 version guide.](#)

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							
Actions		Search & Filter					
Buttons		New	Duplicate	Delete	Approve		
App?	Shortname	Risk	Type	Eff Limits	Test Methodology	Stress	
<input type="button" value="App?"/>	<input type="text"/>						
No records found.							
<input type="button" value="10"/> <input type="button" value="20"/> <input type="button" value="30"/> <input type="button" value="40"/> <input type="button" value="50"/> <input type="button" value="60"/>							

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*	<input type="text" value="Policy A"/>
Risk Type*	<input type="text" value="Foreign Exchange"/>
Hedge Type*	<input type="text" value="Cash Flow"/>
Effectiveness Lower (%)*	<input type="text" value="80.00"/>
Effectiveness Upper (%)*	<input type="text" value="125.00"/>
Test Methodology*	<input type="text" value="Dollar Offset"/>
Stress Level +/- (%)	<input type="text" value="25"/>

10. Click Create.

11. A popup appears, click OK to confirm.

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

Maintain Hedging Policy

Maintain Hedging Policy							
Actions		Shortname	Risk	Type	Eff Limits	Test Methodology	Stress
	App?	Shortname	Risk	Type	Eff Limits	Test Methodology	Stress
<input type="checkbox"/>	N	Policy_A	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

Maintain Hedging Policy							
Actions		Shortname	Risk	Type	Eff Limits	Test Methodology	Stress
	App?	Shortname	Risk	Type	Eff Limits	Test Methodology	Stress
<input type="checkbox"/>	N	Policy_A	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

Maintain Hedging Policy							
Actions		Shortname	Risk	Type	Eff Limits	Test Methodology	Stress
	App?	Shortname	Risk	Type	Eff Limits	Test Methodology	Stress
<input type="checkbox"/>	N	Policy_A	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

<input type="button" value="←"/>	<input type="button" value="Update"/>	<input type="button" value=""/>	<input type="button" value="History"/>	<input type="button" value="Preference"/>
Shortname*	<input type="text" value="Policy A"/>			
Risk Type*	<input type="text" value="Foreign Exchange"/>			
Hedge Type*	<input type="text" value="Cash Flow"/>			
Effectiveness Lower (%)*	<input type="text" value="80.00"/>			
Effectiveness Upper (%)*	<input type="text" value="100.00"/>			
Test Methodology*	<input type="text" value="Dollar Offset"/>			
Stress Level +/- (%)	<input type="text" value="25.00"/>			

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

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

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

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

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

<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="Download"/>							
	App?	Shortname	Risk	Type	Eff Limits	Test Methodology	Stress
<input type="checkbox"/>		Policy_A	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.