

Maintain Hedging Relationship

PURPOSE

This document shows the detailed procedure of maintaining hedging relationship.

WHY IS THIS IMPORTANT?

This allows hedging relationship to be set up for IAS Hedging Effectiveness testing.

PROCEDURE



1. From the main menu, click Transaction > Hedging > Maintain Relationship > General. The below screen displayed.

Maintain Hedging Relationship							
Acct Cntr*	TFS-SG	As At*	dd/mm/yyyy	Hedge ID		Policy	
Refresh	New	Duplicate	Delete	Approve			
App?	Hedge ID	Acct Cntr	Policy	Hedge Type	Start Date	End Date	Narrative
No records found.							
							

2. Firstly, to create a new hedging relationship, click New.

3. The below screen will be displayed.

New Hedging Relationship



Create

Acct Cntr*

Policy*

Show Details

Start Date*

End Date*

Narrative

4. Select the Accounting Centre.
5. From the Policy drop down, select the policy for the hedging relationship set up. If you wish to view the details of the policy selected, tick on the Show Details checkbox.
6. Enter the Start Date for this hedging relationship set up.
7. Enter the End Date for this hedging relationship set up.
8. Narrative is optional. You may input if necessary.

New Hedging Relationship

Acct Cntr*	TFS-SG	<input type="button" value="▼"/>
Policy*	Policy A	<input type="button" value="▼"/>
Risk Type	Foreign Exchange	Show Details <input checked="" type="checkbox"/>
Hedge Type	Cash Flow	
Effectiveness Lower (%)	80.00	
Effectiveness Upper (%)	100.00	
Test Methodology	Dollar Offset	
Stress Level +/- (%)	25.00	
Start Date*	<input type="text" value="dd/mm/yyyy"/>	
End Date*	<input type="text" value="dd/mm/yyyy"/>	
Narrative	<input type="text"/>	

9. Click Create.

10. A popup appears, click OK.

11. You will be returned to Maintain Hedging Relationship screen.

12. To filter out the newly created hedging relationship, select the accounting centre from the Acct Cntr drop down field and key in As At date. Then, click Refresh.

Maintain Hedging Relationship

Acct Cntr*	TFS-SG	As At*	01/01/2016	Hedge ID	<input type="text"/>	Policy	<input type="button" value="▼"/>
Refresh	New	Duplicate	Delete	Approve	<input type="button" value="▼"/>	<input type="button" value="▼"/>	<input type="button" value="▼"/>
App?	Hedge ID	Acct Cntr	Policy	Hedge Type	Start Date	End Date	Narrative
<input type="checkbox"/>	N	<u>HDG100005.00</u>	TFS-SG	Policy A	Cash Flow	1 Jan 2016	31 Dec 2017
<input type="checkbox"/>		<u>HDG100001.00</u>	TFS-SG	CF Hedge 2	Cash Flow	31 Dec 2015	31 Mar 2016

13. The newly created hedging relationship requires approval. To approve, tick on the checkbox of the newly created hedging relationship and click Approve. After approved, you will not see an "N".

14. To maintain the hedging relationship, click on the Hedge ID to drill down to Amend Hedging Relationship screen.

Amend Hedging Relationship

Hedge ID*	HDG100005.00
Acct Cntr*	TFS-SG
Policy*	Policy A
Start Date*	01/01/2016
End Date*	31/12/2017
Narrative	<input type="text"/>

	ID	Product	Weight(%)	Comments	Trade Description
No records found.					

Maintain Items

15. Tick on the Maintain Items checkbox.

Maintain Items

Acct Cntr*	TFS-SG	TDate From*	dd/mm/yyyy
Transaction Type*	<input type="text"/>	TDate To	dd/mm/yyyy

Refresh

	ID	Trade Description
No records found.		

16. More fields will be displayed at the bottom of the page for you to filter out trades. Select the Accounting Centre, Transaction Type and TDate From. In this

example, we will create hedging relationship between Foreign Exchange and currency forecast.

17. Choose the accounting centre, select the transaction type as Foreign Exchange Outright, TDate from, i.e 1 June 2020 and click Refresh. System will filter out Foreign Exchange trades which trade date start from 1 June 2020.

Maintain Items			
<input checked="" type="checkbox"/>			
Acct Cntr*	TFS-SG	TDate From*	01/06/2020
Transaction Type*	Foreign Exchange Outright	TDate To	dd/mm/yyyy
<input type="button" value="Refresh"/>			
	ID	Trade Description	
<input type="button" value="+"/>	FRX100027.00	FX Outright: Bought USD 1,000,000.00 and Sold SGD 1,000,000.00 at 1.000000 value 24 Sep 2020 with DBS-SG. Portfolio: [dev01@12df2d.com]	

18. Click Add Button to add the Foreign Exchange trade to the relationship set up.

19. Then, continue to add for currency forecast hedging trade. Select the transaction type as Hedge and select the appropriate TDate from, click Refresh. System will filter out hedging trades.

Maintain Items			
<input checked="" type="checkbox"/>			
Acct Cntr*	TFS-SG	TDate From*	01/06/2020
Transaction Type*	Hedge	TDate To	dd/mm/yyyy
<input type="button" value="Refresh"/>			
	ID	Trade Description	
<input type="button" value="+"/>	DEU100055.01	Pay/Sell/Short USD Forecast USD 1,250,000.00 (1,250,000.00 units @ 1.000000) with CITI-SG. TDate:26 Jun 2020. Delivery:28 Sep 2020.	

20. Click Add Button to add the currency forecast hedging trade to the relationship set up.

21. Next, you can change the weighting percentage for this hedging relationship. Enter the weighting in the Weight(%) field. In this example, 80% of 1.25 mil USD forecast is hedged.

Amend Hedging Relationship dev01

Hedge ID*	HDG100005.00		
Acct Cntr*	TFS-SG		
Policy*	Policy A	Show Details <input type="checkbox"/>	
Start Date*	01/01/2016		
End Date*	31/12/2017		
Narrative	<div style="border: 1px solid #ccc; height: 40px; width: 100%;"></div>		

	ID	Product	Weight(%)	Comments	Trade Description
<input type="checkbox"/>	FRX100027.00	Foreign Exchange Outright	100	-	FX Outright: Bought USD 1,000,000.00 and Sold SGD 1,000,000.00 at 1.000000 value 24 Sep 2020 with DBS-SG. Portfolio:- [dev01@12d12d.com]
<input type="checkbox"/>	DEU100055.01	Hedge	80	-	Pay/Sell/Short USD Forecast USD 1,250,000.00 (1,250,000.00 units @ 1.000000) with Citi-SG. TDate:26 Jun 2020. Delivery:28 Sep 2020.

22. Click Update when completed maintaining the hedging relationship.
23. A popup appears, click OK.
24. You will be returned to Maintain Hedging Relationship screen.
25. Approve the amended hedging relationship.
26. To duplicate a hedging relationship, tick on the checkbox of the hedging relationship to be duplicated and click Duplicate. The hedging relationship will be duplicated.
27. To delete a hedging relationship, tick on the checkbox of the hedging relationship to be deleted and click Delete. The hedging relationship will be deleted.

FREQUENTLY ASKED QUESTIONS

RELATED INFORMATION

[Maintain Hedging Policy](#)

[Hedging: Transaction](#)

CHANGE HISTORY

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