

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? <div></div>	Hedge ID <div></div>	Acct Cntr <div></div>	Policy <div></div>	Hedge Type <div></div>	Start Date <div></div>	End Date <div></div>	Narrative <div></div>
No records found.								

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

3. The below screen will be displayed.

New Hedging Relationship

Acct Cntr*	<input type="text"/>	<input type="button" value="▼"/>	
Policy*	<input type="text"/>	<input type="button" value="▼"/>	Show Details <input type="checkbox"/>
Start Date*	<input type="text" value="dd/mm/yyyy"/>		
End Date*	<input type="text" value="dd/mm/yyyy"/>		
Narrative	<input type="text"/>		

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

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		Policy	
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	App? <input type="checkbox"/>	Hedge ID <input type="text"/>	Acct Cntr <input type="text"/>	Policy <input type="text"/>	Hedge Type <input type="text"/>	Start Date <input type="text"/>	End Date <input type="text"/>	Narrative <input type="text"/>
<input type="checkbox"/>	N	HDG100005.00	TFS-SG	Policy A	Cash Flow	1 Jan 2016	31 Dec 2017	
<input type="checkbox"/>		HDG100001.00	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

▼

☐ Show Details

Start Date*

01/01/2016

End Date*

31/12/2017

Narrative

	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*

▼

TDate To

dd/mm/yyyy

	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 form 1 June 2020.

Maintain Items

Acct Cntr*

TFS-SG

TDate From*

01/06/2020

Transaction Type*

Foreign Exchange Outright

TDate To

dd/mm/yyyy

Refresh

	ID	Trade Description
<div>+</div>	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

Acct Cntr*

TFS-SG

TDate From*

01/06/2020

Transaction Type*

Hedge

TDate To

dd/mm/yyyy

Refresh

	ID	Trade Description
<div>+</div>	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

Update
History

Hedge ID*
HDG100005.00

Acct Cntr*
TFS-SG

Policy*
Policy A
Show Details

Start Date*
01/01/2016

End Date*
31/12/2017

Narrative

	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@12d2d.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.