

EY CAFTA

Certificate in Treasury Hedge
Accounting

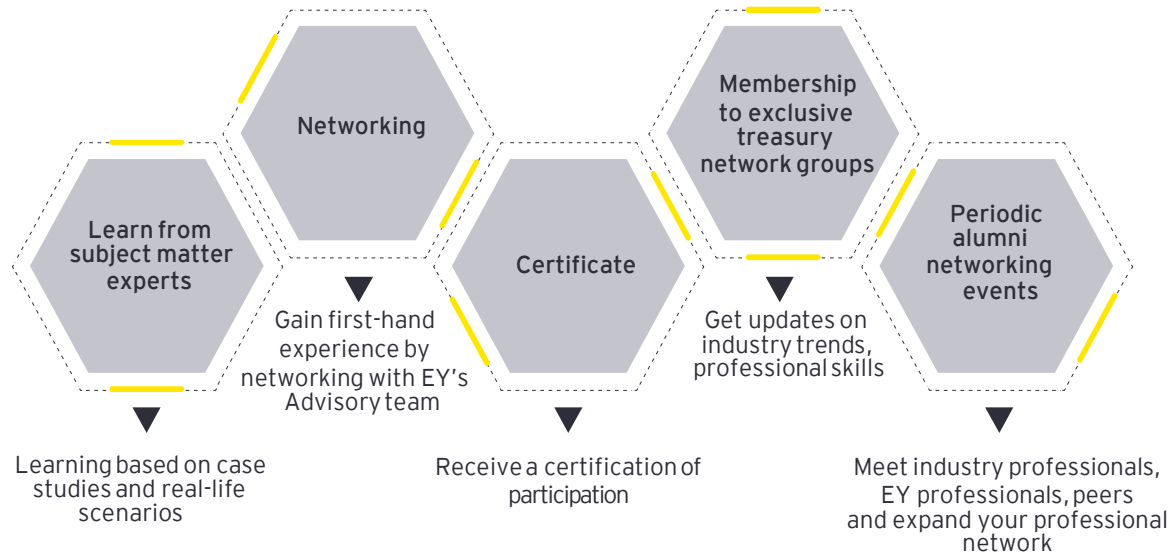
On-demand Virtual Batch



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Benefits of Certificate in Treasury Hedge Accounting



Learn from EY professionals and industry leaders having varied experience across banks, corporates, consulting, NBFC and insurance

Let their experience become your learning

A mix of professionals having diverse credentials such as CFA, FRM, CA, MBA



Team of professionals with significant experience in varied areas:

- ▶ Strategic treasury transformations
- ▶ Management consulting to corporates, insurance, NBFC, Fintech etc
- ▶ Local and global treasury projects
- ▶ Trading in global financial markets
- ▶ Treasury Technology enablement and Analytics deployment
- ▶ Risk advisory for financial institutions
- ▶ Liquidity and investment advisory

Program Coverage



Overview of derivatives

- ▶ Need and use of derivatives
- ▶ Various types of derivative instruments available for hedging
- ▶ Understand how derivatives affect financial statements
- ▶ Classification and accounting of derivatives instruments and its impact on financial statements



Objective and need for hedge accounting

- ▶ Hedge accounting's application by companies to
 - ❑ Align risk management activities to reflect in accounting
 - ❑ Reduce volatility in P&L statement
 - ❑ Mitigate accounting mismatch in measurement of financial Instruments



Application of hedge accounting in practice

- ▶ Types of permitted hedge relationship such as Cashflow hedge, Fair Value hedge and Net investment hedge
- ▶ Accounting implications of each hedge relationship
- ▶ Pre-requisites of application of hedge accounting
 - ❑ Hedged item, hedging instruments, risk components, Layering etc
 - ❑ Eligibility criteria for designation in hedge relationship
 - ❑ Key aspects of hedge documentation
 - ❑ Hedge effectiveness testing requirements
- ▶ Apply hedge accounting to different components of hedging instruments (forwards and options)
- ▶ Criteria for highly probable forecast transactions



Hedge effectiveness methodologies

- ▶ Concepts of economic relationship, hypothetical derivatives, rebalancing and hedge ratio
- ▶ Different methods of assessing hedge effectiveness: Critical terms method, Dollar offset method, regression method
- ▶ Key aspects while performing effectiveness testing
- ▶ Role of credit risk in assessment of hedge effectiveness testing
- ▶ Hedge accounting for rollover hedging strategy
- ▶ Rebalancing of hedged item and hedged instrument



Discontinuation of hedge accounting

- ▶ Scenarios which result in discontinuation of hedge accounting
- ▶ Impact of discontinuation of hedge relationship

Program Coverage



Practical scenarios in hedge accounting

- ▶ Common challenges in application of hedge accounting such as mismatch in critical terms, hedge designation post trade date etc



Case studies

- ▶ **Currency risk:** Designation of forward contract for hedge against highly probable sales
- ▶ **Currency and interest rate risk:** Designation of Cross Currency Interest Rate Swap (CCIRS) against External Commercial Borrowing
- ▶ **Commodity price risk:** Designation of commodity futures contract against inventory
- ▶ **Currency risk:** Designation of currency option contract against foreign currency term loan
- ▶ **Currency risk at subsidiary entity:** Designation of Non-derivative financial instrument against net assets of a subsidiary

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*Financial Risk Management (FRM) module, part of CAFTA program.



Financial Risk Management

Overview of financial market

- ▶ Global financial markets overview

Transaction life cycle: FX risk management

- ▶ FX risk in corporates - Accounting risk and cashflow risk
- ▶ Exposure recognition, collation and communication
- ▶ **Industry insight:** Exposure recognition in different companies
- ▶ Timing mismatch and netting of exposure
- ▶ Hedge ratio setting using different risk mitigating instruments
- ▶ Deal execution and negotiation with banks during deal execution
- ▶ **Use case:** use of Supply Chain financing to mitigate FX risk

Interest Risk Management

- ▶ Interest rate risk in Insurance, Banks and NBFC

Commodity risk management

- ▶ Commodity market value chain and its price risk

Risk Management Policy

- ▶ **Use case:** Setting risk appetite using VAR and arriving at hedge ratio
- ▶ **Use case:** Managing FX and IR risk: All-in cost of borrowing

Use-cases:

- ▶ Use of analytics and statistical methods in FRM

Fee structure

Join EY CAFTA's online learning series

	Program Name	List Price	Discount Price
CAFTA Members	Certificate in Treasury Hedge Accounting (CTHA)	INR 12,000	INR 5,000
Non-Members	Certificate in Treasury Hedge Accounting (CTHA)	INR 12,000	INR 8,000

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