

# CAFTA

## Certificate in Treasury Hedge Accounting

On-demand virtual batch



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working world

# Certificate in Treasury Hedge Accounting

## About the course

CAFTA's Certificate in Treasury Hedge Accounting (CTHA) is for participants who want to understand concepts of IND-AS 109, widely used hedge accounting strategies and its real world application in treasury domain.

The course uses a practical oriented approach through discussion of various use cases, challenges faced in application of the hedge accounting and potential solutions.

### After attending the program:

- You will be in a position to apply hedge accounting to your derivative transactions and be able to explain the principles to senior stakeholders
- In a client facing role, you will be able to explain your clients the benefits / impacts of hedge accounting the derivative transactions

## Program coverage

- ▶ Objective and need of hedge accounting
- ▶ Different types of hedge relationships and its benefits
- ▶ Pre-requisites for adopting hedge accounting and hedge documentation
- ▶ Hedge effectiveness requirements
- ▶ Discontinuation of hedge accounting
- ▶ Various practical scenarios and use cases in hedge accounting

CAFTA's Financial Risk Management (FRM) Module worth INR 5,000 free with this program

Refer Pg 4 & 5 for detailed program coverage

## Program delivery

- ▶ **8+ hours** of recorded videos
- ▶ **3 hours** of live virtual discussion
- ▶ **Templates and case studies**
- ▶ **4 hours** of recorded videos of CAFTA's FRM module

## Who should attend

- ▶ Treasury manager / treasury front-office
- ▶ Treasury back office / accounting professionals
- ▶ Finance manager / Finance controller
- ▶ Internal / External auditor
- ▶ Treasury / Derivative sales professional
- ▶ Finance professionals interested derivatives and hedge accounting

## Benefits on attending the program



Understand accounting impact of derivative / risk management strategies



Appropriately reflect risk management strategy in financial reporting



Use hedge accounting principals on derivatives to protect P&L volatility



Advise clients on appropriate derivatives in line with hedge accounting principles



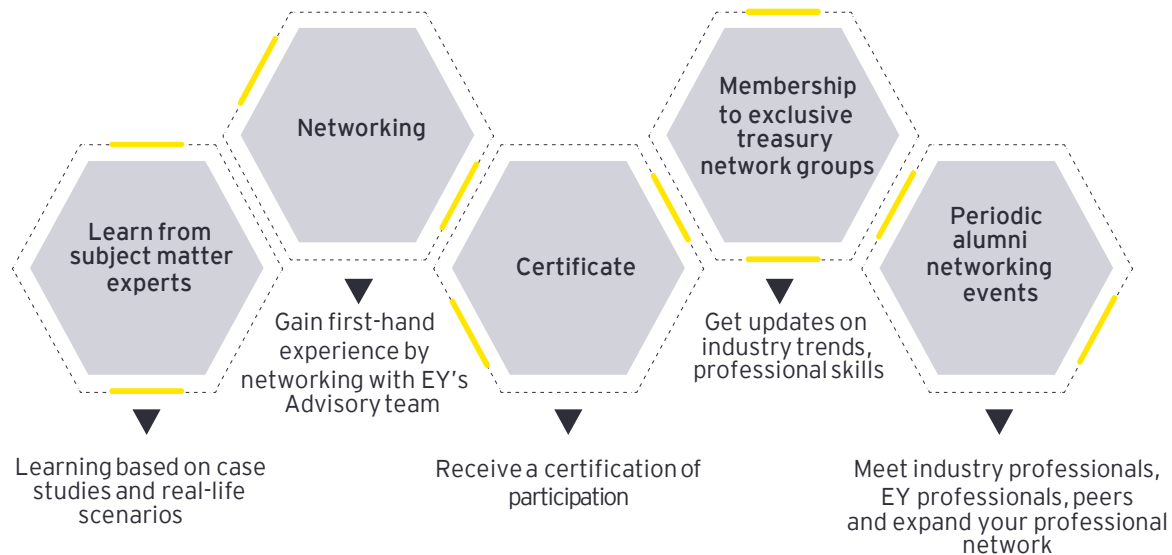
Identify how derivatives are reflected in company's financial statements



Recognize links between risk management practices and financial reporting

# It's an experience that will last you a lifetime

## 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



## Objective and need for hedge accounting

- ▶ Hedge accounting's application by companies to mitigate accounting mismatch



## Different types of hedging relationships

- ▶ Different types of hedge relationship such as cashflow hedge, fair value hedge and net investment hedge
- ▶ Benefits of each type of hedging relationship



## Pre-requisites to apply hedge accounting

- ▶ Concept of hedged item and its qualifying criteria
- ▶ Recognize qualifying hedging instruments
- ▶ Apply hedge accounting to different components of hedging instruments (forwards contracts: spot/ forward rate, option contract - time value / intrinsic value)
- ▶ Treatment of costs of hedging
- ▶ Highly probable criteria for forecast transactions
- ▶ Key considerations for hedge documentation
- ▶ Requirements to conclude whether hedge is effective



## Hedge effectiveness requirements

- ▶ Concepts of economic relationship and hedge ratio
- ▶ Impact of credit risk on the hedging relationship
- ▶ Different methods of assessing economic relationship and ineffectiveness: critical terms method, dollar offset method, regression method

- ▶ Concepts such as time value of money, hypothetical derivative and hedging instruments with non-zero fair value
- ▶ 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



## Practical scenarios in hedge accounting

- ▶ Common challenges in application of hedge accounting such as mismatch in critical terms, hedge designation post trade date, etc.
- ▶ Impact of LIBOR transition on existing hedge accounting relationship

# Program coverage



## Case studies

- ▶ Cash flow hedge: FX forward contracts against highly probable forecast transaction (spot component)
- ▶ FX forward contracts against highly probable forecast transaction (full fair value)
- ▶ Cash flow hedge: CCIRS against foreign currency borrowings for hedge of currency and interest rate risk
- ▶ Fair value hedge: option contract against commodity price risk associated with inventory
- ▶ Net-investment hedge: non-derivative financial instrument against FX risk associated with net assets of subsidiary

**Get FRM\* module of CAFTA worth INR 5,000 free with CTHA course**

\*Financial Risk Management (FRM) module, part of CAFTA Module, is a 4 hour pre-recorded on-demand video access of which will be shared with the participant.



## 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	Early bird price <sup>#</sup>
CAFTA Members	Certificate in Treasury Hedge Accounting (CTHA)	<del>INR 12,000</del>	INR 5,000	<b>INR 4,000</b>
Non-members	Certificate in Treasury Hedge Accounting (CTHA)	<del>INR 12,000</del>	INR 8,000	<b>INR 6,000</b>
Non-members	Combo Pack (CAFTA + CTHA)	<del>INR 42,000</del>	INR 25,000	<b>INR 22,000</b>

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<sup>#</sup>Early bird offer price valid till 20<sup>th</sup> February 2022

All prices are exclusive of 18% GST

To know more about CAFTA course - <https://go.ey.com/34Cz6Wz>

# Registrations OPEN now!

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