



PeopleSoft Risk Management

8.8 PeopleBook

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About These PeopleBooks

PeopleBooks provide you with the information that you need to implement and use PeopleSoft applications.

This preface discusses:

- PeopleSoft application prerequisites.
- PeopleSoft application fundamentals.
- Related documentation.
- Typographical elements and visual cues.
- Comments and suggestions.
- Common elements in PeopleBooks.

Note. PeopleBooks document only page elements that require additional explanation. If a page element is not documented with the process or task in which it is used, then either it requires no additional explanation or it is documented with common elements for the section, chapter, PeopleBook, or product line. Elements that are common to all PeopleSoft applications are defined in this preface.

PeopleSoft Application Prerequisites

To benefit fully from the information that is covered in these books, you should have a basic understanding of how to use PeopleSoft applications.

See *Using PeopleSoft Applications*.

You might also want to complete at least one PeopleSoft introductory training course.

You should be familiar with navigating the system and adding, updating, and deleting information by using PeopleSoft windows, menus, and pages. You should also be comfortable using the World Wide Web and the Microsoft Windows or Windows NT graphical user interface.

These books do not review navigation and other basics. They present the information that you need to use the system and implement your PeopleSoft applications most effectively.

PeopleSoft Application Fundamentals

Each application PeopleBook provides implementation and processing information for your PeopleSoft database. However, additional, essential information describing the setup and design of your system appears in a companion volume of documentation called the application fundamentals PeopleBook. Each PeopleSoft product line has its own version of this documentation.

The application fundamentals PeopleBook consists of important topics that apply to many or all PeopleSoft applications across a product line. Whether you are implementing a single application, some combination of applications within the product line, or the entire product line, you should be familiar with the contents of this central PeopleBook. It is the starting point for fundamentals, such as setting up control tables and administering security.

Related Documentation

This section discusses how to:

- Obtain documentation updates.
- Order printed documentation.

Obtaining Documentation Updates

You can find updates and additional documentation for this release, as well as previous releases, on the PeopleSoft Customer Connection web site. Through the Documentation section of PeopleSoft Customer Connection, you can download files to add to your PeopleBook Library. You'll find a variety of useful and timely materials, including updates to the full PeopleSoft documentation that is delivered on your PeopleBooks CD-ROM.

Important! Before you upgrade, you must check PeopleSoft Customer Connection for updates to the upgrade instructions. PeopleSoft continually posts updates as the upgrade process is refined.

See Also

PeopleSoft Customer Connection web site, <http://www.peoplesoft.com/corp/en/login.asp>

Ordering Printed Documentation

You can order printed, bound volumes of the complete PeopleSoft documentation that is delivered on your PeopleBooks CD-ROM. PeopleSoft makes printed documentation available for each major release shortly after the software is shipped. Customers and partners can order printed PeopleSoft documentation by using any of these methods:

- Web
- Telephone
- Email

Web

From the Documentation section of the PeopleSoft Customer Connection web site, access the PeopleSoft Press web site under the Ordering PeopleBooks topic. The PeopleSoft Press web site is a joint venture between PeopleSoft and Consolidated Publications Incorporated (CPI), the book print vendor. Use a credit card, money order, cashier's check, or purchase order to place your order.

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Contact CPI at 800 888 3559.

Email

Send email to CPI at psftpress@cc.larwood.com.

See Also

PeopleSoft Customer Connection web site, <http://www.peoplesoft.com/corp/en/login.asp>

Typographical Conventions and Visual Cues

This section discusses:

- Typographical conventions.
- Visual cues.

Typographical Conventions

The following table contains the typographical conventions that are used in PeopleBooks:

Typographical Convention or Visual Cue	Description
Bold	Indicates PeopleCode function names, method names, language constructs, and PeopleCode reserved words that must be included literally in the function call.
<i>Italics</i>	Indicates field values, emphasis, and PeopleSoft or other book-length publication titles. In PeopleCode syntax, italic items are placeholders for arguments that your program must supply. We also use italics when we refer to words as words or letters as letters, as in the following: Enter the number <i>0</i> , not the letter <i>O</i> .
KEY+KEY	Indicates a key combination action. For example, a plus sign (+) between keys means that you must hold down the first key while you press the second key. For ALT+W, hold down the ALT key while you press W.
Monospace font	Indicates a PeopleCode program or other code example.
“ ” (quotation marks)	Indicate chapter titles in cross-references and words that are used differently from their intended meanings.

Typographical Convention or Visual Cue	Description
. . . (ellipses)	Indicate that the preceding item or series can be repeated any number of times in PeopleCode syntax.
{ } (curly braces)	Indicate a choice between two options in PeopleCode syntax. Options are separated by a pipe ().
[] (square brackets)	Indicate optional items in PeopleCode syntax.
& (ampersand)	When placed before a parameter in PeopleCode syntax, an ampersand indicates that the parameter is an already instantiated object. Ampersands also precede all PeopleCode variables.
(ISO)	Information that applies to a specific country, to the U.S. federal government, or to the education and government market, is preceded by a three-letter code in parentheses. The code for the U.S. federal government is USF; the code for education and government is E&G, and the country codes from the International Standards Organization are used for specific countries. Here is an example: (GER) If you're administering German employees, German law requires you to indicate special nationality and citizenship information for German workers using nationality codes established by the German DEUEV Directive.
Cross-references	PeopleBooks provide cross-references either below the heading "See Also" or on a separate line preceded by the word <i>See</i> . Cross-references lead to other documentation that is pertinent to the immediately preceding documentation.

Visual Cues

PeopleBooks contain the following visual cues.

Notes

Notes indicate information that you should pay particular attention to as you work with the PeopleSoft system.

Note. Example of a note.

A note that is preceded by *Important!* is crucial and includes information that concerns what you must do for the system to function properly.

Important! Example of an important note.

Warnings

Warnings indicate crucial configuration considerations. Pay close attention to warning messages.

Warning! Example of a warning.

Comments and Suggestions

Your comments are important to us. We encourage you to tell us what you like, or what you would like to see changed about PeopleBooks and other PeopleSoft reference and training materials. Please send your suggestions to:

PeopleSoft Product Documentation Manager PeopleSoft, Inc. 4460 Hacienda Drive Pleasanton, CA 94588

Or send email comments to doc@peoplesoft.com.

While we cannot guarantee to answer every email message, we will pay careful attention to your comments and suggestions.

Common Elements in These PeopleBooks

As of Date	The last date for which a report or process includes data.
Business Unit	An ID that represents a high-level organization of business information. You can use a business unit to define regional or departmental units within a larger organization.
Description	Enter up to 30 characters of text.
Effective Date	The date on which a table row becomes effective; the date that an action begins. For example, to close out a ledger on June 30, the effective date for the ledger closing would be July 1. This date also determines when you can view and change the information. Pages or panels and batch processes that use the information use the current row.
Once, Always, and Don't Run	<p>Select Once to run the request the next time the batch process runs. After the batch process runs, the process frequency is automatically set to Don't Run.</p> <p>Select Always to run the request every time the batch process runs.</p> <p>Select Don't Run to ignore the request when the batch process runs.</p>
Report Manager	Click to access the Report List page, where you can view report content, check the status of a report, and see content detail messages (which show you a description of the report and the distribution list).

Process Monitor	Click to access the Process List page, where you can view the status of submitted process requests.
Run	Click to access the Process Scheduler request page, where you can specify the location where a process or job runs and the process output format.
Request ID	An ID that represents a set of selection criteria for a report or process.
User ID	An ID that represents the person who generates a transaction.
SetID	An ID that represents a set of control table information, or TableSets. TableSets enable you to share control table information and processing options among business units. The goal is to minimize redundant data and system maintenance tasks. When you assign a setID to a record group in a business unit, you indicate that all of the tables in the record group are shared between that business unit and any other business unit that also assigns that setID to that record group. For example, you can define a group of common job codes that are shared between several business units. Each business unit that shares the job codes is assigned the same setID for that record group.
Short Description	Enter up to 15 characters of text.

See Also

Using PeopleSoft Applications

PeopleSoft Process Scheduler

PeopleSoft Risk Management PeopleBook Preface

This preface discusses:

- PeopleSoft application fundamentals.
- Common elements in this PeopleBook.
- Pages with deferred processing.

Note. This PeopleBook documents only page elements that require additional explanation. If a page element is not documented with the process or task in which it is used, then it either requires no additional explanation or is documented with the common elements for the section, chapter, or PeopleBook.

PeopleSoft Application Fundamentals

The *PeopleSoft Risk Management PeopleBook* provides you with implementation and processing information for your PeopleSoft Risk Management system. However, additional, essential information describing the setup and design of your system resides in companion documentation. The companion documentation consists of important topics that apply to many or all PeopleSoft applications across the Financials, Enterprise Service Automation, and Supply Chain Management product lines. You should be familiar with the contents of these PeopleBooks.

The following companion PeopleBooks apply specifically to PeopleSoft Risk Management.

- *PeopleSoft Application Fundamentals for FIN, ESA, and SCM PeopleBook*
- *PeopleSoft Setting Up Global Options and Reports PeopleBook*
- *PeopleSoft Bank Setup and Processing PeopleBook*

Pages With Deferred Processing

Several pages in PeopleSoft Risk Management operate in deferred processing mode. Most fields on these pages are not updated or validated until you save the page or refresh it by clicking a button, link, or tab. This delayed processing has various implications for the field values on the page—for example, if a field contains a default value, any value you enter before the system updates the page overrides the default. Another implication is that the system updates quantity balances or totals only when you save or otherwise refresh the page.

See Also

PeopleTools PeopleBook: PeopleSoft Application Designer, “Guidelines for Designing Pages”

Common Elements Used in This PeopleBook

Account	ChartField that identifies the nature of a transaction for corporate accounts.
Affiliate	ChartField used to map transactions between business units when using a single interunit account.
Alt Acct (alternate account)	ChartField that identifies the nature of a transaction for statutory accounts. This field appears only if you enabled the Alternate Account option for your organization and for the general ledger business unit.
Class	ChartField that identifies a particular appropriation when you combine it with a Fund, DeptID, Program Code, and Budget Reference.
Currency	Code that identifies the type of currency for an amount, such as USD or FRF.
Dept (department)	ChartField that indicates who is responsible for or affected by the transaction.
Description	Freeflow text up to 256 characters.
Effective Date	Date on which a table row becomes effective; the date that an action begins. For example, if you want to close out a ledger on June 30, the effective date for the ledger closing would be July 1. This date also determines when you can view and change the information. Pages or panels and batch processes that use the information use the current row.
Fund	ChartField that represents structural units for education and government accounting. Can also represent a divisional breakdown in your organization.
Fund Affiliate	ChartField used to correlate transactions between funds when using a single intraunit account.
Language	The language in which you want the field labels and report headings of your reports to print. The field values appear as you enter them.
Oper Unit (operating unit)	ChartField used to identify a location, such as a distribution warehouse or sales center.
Process Frequency	Select from: <i>Once:</i> Runs the request the next time the batch process runs. After the batch process runs, the process frequency is automatically set to <i>Don't Run</i> . <i>Always:</i> Runs the request every time the batch process runs. <i>Don't Run:</i> Ignores the request when the batch process runs.
Process Monitor	This link takes you to the Process List page, where you can view the status of submitted process requests.
Product	ChartField that captures additional information useful for profitability and cash flow analysis by product sold or manufactured.

Program	ChartField that identifies groups of related activities, cost centers, revenue centers, responsibility centers, and academic programs. Tracks revenue and expenditures for programs.
Project	ChartField that captures information for project/grants accounting.
Report ID	The report identifier.
Report Manager	This link takes you to the Report List page, where you can view report content, check the status of a report, and see content detail messages (which show you a description of the report and the distribution list).
Run	This button takes you to the Process Scheduler request page, where you can specify the location where a process or job runs and the process output format.
Run Control ID	An identification code that identifies the run parameters for a report or process.
SetID	An identification code that represents a set of control table information or TableSets. A TableSet is a group of tables (records) necessary to define your company's structure and processing options.
Short Description	Freeflow text up to 15 characters.
Status	Indicates whether a row in a table is <i>Active</i> or <i>Inactive</i> . You cannot display inactive rows on transaction pages or use them for running batch processes. Inactivate rather than delete data you no longer use in order to maintain an audit trail.
Unit	Business unit for an item.

CHAPTER 1

Getting Started With PeopleSoft Risk Management

This chapter provides an overview of PeopleSoft Risk Management implementation and discusses:

- PeopleSoft Risk Management business processes.
- PeopleSoft Risk Management integrations.
- PeopleSoft Risk Management implementation.

PeopleSoft Risk Management Business Processes

PeopleSoft Risk Management provides the following business processes:

- Risk analysis and hedge determination.
- Position limit notification.
- Hedge transaction compliance using FAS 133 Accounting standards.
- Hedge and hedge group creation and maintenance.

We cover these business processes in the business process chapters in this PeopleBook.

PeopleSoft Risk Management Integrations

PeopleSoft Risk Management integrates with the following PeopleSoft applications:

- PeopleSoft Cash Management
- PeopleSoft Risk Management
- PeopleSoft Payables
- PeopleSoft Receivables
- PeopleSoft General Ledger

We cover integration considerations in the implementation chapters in this PeopleBook.

Supplemental information about third-party application integrations is located on the PeopleSoft Customer Connection website.

PeopleSoft Risk Management Implementation

PeopleSoft Setup Manager enables you to generate a list of setup tasks for your organization based on the features that you are implementing. The setup tasks include the components that you must set up, listed in the order in which you must enter data into the component tables, and links to the corresponding PeopleBook documentation.

Prior to running Setup Manager to generate a list of PeopleSoft Deal Management setup tasks, you need to setup PeopleSoft banks functionality, PeopleSoft Cash Management, and PeopleSoft Deal Management.

Other Sources of Information

In the planning phase of your implementation, take advantage of all PeopleSoft sources of information, including the installation guides, table-loading sequences, data models, and business process maps. A complete list of these resources is in the preface of the *PeopleSoft Application Fundamentals for FIN, ESA, and SCM 8.8 PeopleBook*, with information on where to find the most up-to-date version of each.

See Also

PeopleSoft 8.8 Application Fundamentals for Financial Management Solutions, Enterprise Service Automation, and Supply Chain Management PeopleBook, “PeopleSoft Application Fundamentals PeopleBook Preface,” Additional Resources

PeopleSoft Banks Setup and Processing 8.8 PeopleBook, “Getting Started With Bank Setup and Processing”

PeopleSoft Cash Management 8.8 PeopleBook, “Getting Started With PeopleSoft Cash Management”

PeopleSoft Deal Management 8.8 PeopleBook, “Getting Started With PeopleSoft Deal Management”

PeopleTools PeopleBook: Setup Manager

PeopleTools PeopleBook: Excel to Component Interface Utility

CHAPTER 2

Defining Risk Management Processing Options

This chapter provides an overview of risk analytics setup and discusses how to:

- Set up hedges.
- Define hedge groups.
- Set up risk analytics.
- Define deal instrument analytical functions.
- Define market risk scenario sets.

Understanding Risk Analytics Setup

This section lists prerequisites and discusses the risk analytics setup process.

Prerequisites

Before using PeopleSoft Risk Management, you must:

- Set up banks and counterparties.
- Set up the PeopleSoft Cash Management and Deal Management products.
- Set up Financial Engineering Associates (FEA) and JP Morgan FourFifteen™ software (third-party analytics).

See Also

PeopleSoft Banks Setup and Processing 8.8 PeopleBook, “Setting Up Banks and Counterparties”

PeopleSoft Banks Setup and Processing 8.8 PeopleBook, “Setting Up External, Internal, and Netting Accounts”

PeopleSoft Banks Setup and Processing 8.8 PeopleBook, “Setting Up Additional Banking Information”

PeopleSoft Cash Management 8.8 PeopleBook, “Defining Cash Management Processing Options”

PeopleSoft Deal Management 8.8 PeopleBook, “Defining Deal Management Processing Options”

The Risk Analytics Setup Process

PeopleSoft Risk Management is data-driven and houses setup data for evaluating risk. You define how the application works with risk data and models it through capture mechanisms. PeopleSoft Risk Management can accommodate the models you derive to address the dynamic nature of the market and the varying effects of the types of risk.

Here's an overview of the risk analytics setup process:

- Define hedge sources and hedge items.
- Set up risk analytics.

You can use delivered predefined functions and analytic programs through our partnerships with FEA and JP Morgan FourFifteen™. You can access and communicate with third-party analytics through three methods:

- Microsoft Excel.
- Component Object Model (COM) automation.
- Flat File Export.

See Also

Chapter 4, “Analyzing Risk and Determining Hedges .,” page 35

Setting Up Hedges

To define hedge information, use the following components:

- Hedge Strategies component (HDG_STRATGY_PNG).
- Hedge Item Sources component (HDG_SRC_PNG).

This section discusses how to:

- (Optional) Define hedge strategies.
- Define hedge item sources.
- Define curves information.

Pages Used to Set Up Hedges

Page Name	Object Name	Navigation	Usage
Hedge Strategies	HDG_STRATEGY_PNL	Risk Management, Administer Risk, Hedge Strategies	Record any relevant information that a third-party needs to understand your course of action as purposeful and meriting of FAS 133 special accounting considerations. You can document qualitative concerns and link them to the quantitative dimensions of your hedging activities.
Hedged Item Source	HDG_SRC_PNL	Risk Management, Administer Risk, Hedged Item Sources	Set up the risk evaluation and accounting of your hedged item.
Curves	HDG_SRC_MTM_CURVE	Click the Curves link on the Hedged Item Source page.	Specify curve information for your hedged item.

(Optional) Defining Hedge Strategies

Access the Hedge Strategies page.

Description and Strategy Summarize some of the reasons behind your choices. Use the Strategy field to address those reasons in greater detail.

Note. Paragraph 44 of FAS 133 states: “Qualitative disclosures about an entity’s objectives and strategies for using derivative instruments may be more meaningful if such objectives and strategies are described in the context of an entity’s overall risk management profile. If appropriate, an entity is encouraged, but not required, to provide such additional qualitative disclosures [44].”

Defining Hedge Item Sources

Access the Hedged Item Source page.

Hedged Item Source

SetID: SHARE
Hedged Item Source: Other Hedgeable Items Financial Item

FAS 133 Hedge Type: Cash Flow Hedge

Prompt Table: HDG_TRE_CF_VW Hedged Exp (last resort) CF VW

Accounting Templates

Customize | Find |
First 1 of 3 Last

Accounting Event Type	Do Accounting	Accounting Template	Description
AOCI Adjustment	<input checked="" type="checkbox"/>	HCFAOCIADJUST	Cash Flow Hedge AOCI Adjustment
AOCI Reclassify	<input checked="" type="checkbox"/>	HCFAOCIRECLSS	Cash Flow Hedge AOCI Reclass
Will Not Occur-AOCI Reclassify	<input checked="" type="checkbox"/>	HCFWNOAOCI	Cash Flow Hedge Will Not Occur Reclass

Analytics Calculations

Customize | Find |
First 1 of 1 Last

*Analytics Mode	Analytics Vendor	Calculation	Description	Curves	
				Curves	+ -

Hedged	Item	Source	page
--------	------	--------	------

Note. The fields available on this page depend on the FAS 133 Hedge Type that you select.

FAS 133 Hedge Type	Prompt Table
<p><i>Cash Flow Hedges</i></p> <p><i>FX (foreign exchange) Cash Flow Hedges</i></p>	Select your record.
<p><i>Fair Value Hedge</i></p> <p><i>FX F V (foreign exchange fair value) Available-for-Sale</i></p> <p><i>FX F V (foreign exchange fair value of Firm Commitment)</i></p>	<p>Select your record, and then define both the:</p> <p>Hedged Item Type: Select from <i>Recognized Asset or Liability, Forecasted Transaction</i>, or <i>Unrecognized Firm Commitment</i>.</p> <p>Fair Value Adjustment Type: Select from <i>Per Period Fair Value, Cumulative Amortized Cost</i>, or <i>Cumulative Fair Value</i>.</p>

Accounting Templates

Do Accounting

Select the check box next to the appropriate Accounting Event Type, and then select an Accounting Template. Available accounting event types depend on the hedge type that you selected.

Hedge Type and Associated Accounting Event Types

FAS 133 Hedge Type	Accounting Event Type
<i>Cash Flow Hedges</i> <i>FX Cash Flow Hedges</i>	<i>AOCI Adjustment</i> <i>AOCI Reclassification</i> <i>Will Not Occur- AOCI Reclassify.</i>
<i>FX F V of Available-for-Sale</i>	<i>Fair Value Hedged Item G/L</i> <i>Amortize Adj of Carrying</i>
<i>FX F V of Firm Commitment</i> <i>Fair Value Hedge</i>	<i>Fair Value Hedged Item G/L</i> <i>Firm Commitment to Carrying</i> <i>Amortize Adj of Carrying</i> <i>Derecognize Firm Commitment.</i>

Analytic Calculations

Analytics Mode Enter a mode definition.

Analytics Vendor Select from the installed vendors, such as *Excel Functions* or *FEA*, and select an associated calculation in the Calculation field.

Defining Curves Information

Access the Curves page.

Purpose Define a purpose for the curve. Select from *Commodity*, *Credit Spread*, *Foreign Exchange*, *Market Price*, *Other Curve*, *Volatility*, or *Yield Curve*.

Defining Hedge Groups

Define your hedge groups.

See [Chapter 5, “Creating and Maintaining Hedges,” Setting Up Hedge Groups, page 56.](#)

Setting Up Risk Analytics

To define risk analytics, use the following components:

- Analytic Calculations component (MTM_PROGRAM_DEFN).

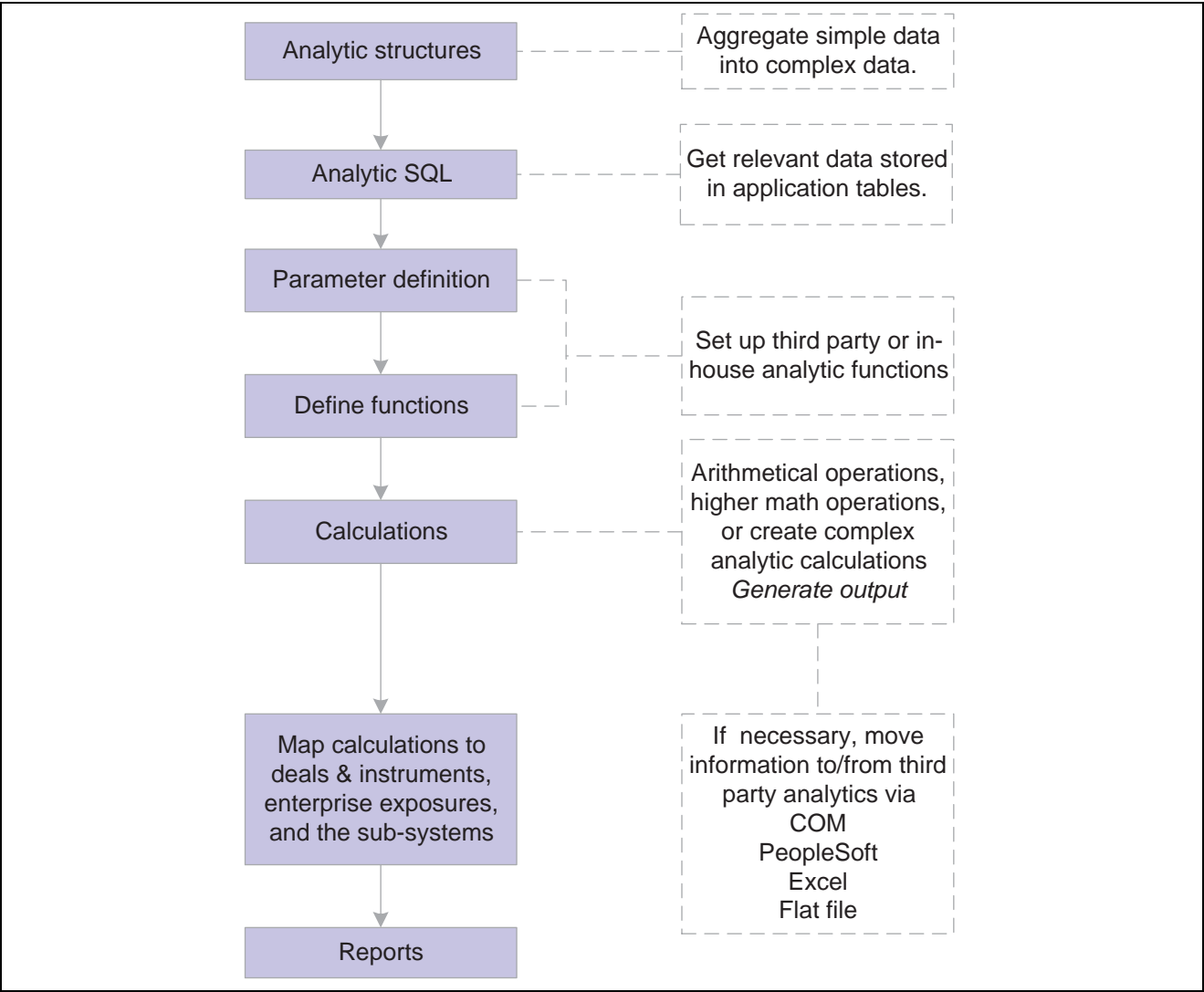
- Analytic Functions (COM) component (MTM_FUNC_HDR_COM).
- Analytic Functions (Excel) component (MTM_FUNC_HDR_EXL).
- Analytic Functions (File Exp) component (MTM_FUNC_HDR_FLE).
- Analytic SQL component (MTM_SQLCNTRL_PNL).
- Analytic Structures component (MTM_STRUCTDEFN_PNL).
- Vendor Information component (MTM_PRODNM_PNL).
- Vendor Parameters component (MTM_PARMNM_PNL).

This section provides an overview of analytic parameters, analytic structures, and interface methods; lists common elements; and discusses how to:

- Define analytic structures.
- Assign analytic Structured Query Language (SQL) statements.
- Enter vendor information.
- Map vendor function parameters.
- Set up analytics using the Microsoft Excel interface method.
- Assign Microsoft Excel parameters.
- Set up analytics for using the COM interface method.
- Assign COM parameters.
- Set up analytics for using the File Export interface method.
- Assign file export parameters.
- Define analytic calculations.
- Map calculations to programs.
- Set parameter details.
- Define deal analytic functions.
- Define analytics for enterprise exposures.

Understanding Analytic Parameters, Analytic Structures, and Interface Methods

This flowchart illustrates the set up process:



Setting up enterprise risk management

The first step to running analytics is establishing the analytic structures’ definitions.

By the time you are ready to perform this step, you may have chosen your analytic solution vendor and gone through vendor-specific functional data requirements. Most analytic functions use structured parameters as inputs.

Analytic Parameters

Analytic parameters can range from generic yield curves with a maturity date and corresponding rate as component fields to complex cash flow sets and vendor-specific structures that have more than three fields as components. For example, a yield curve parameter that is being passed to a function could look like this:

Date	Rate
March 10, 1998	5.60000%

Date	Rate
March 11, 1998	5.60043%
April 11, 1998	5.60210%
July 11, 1998	5.60800%
March 10, 1999	5.61000%
March 10, 2000	5.80000%
March 10, 2001	6.30000%

Analytic Structures

To enable the use of such a parameter, we define it as a structure. Structures enable the definition of complex parameters required by the analytic solution functions in a specific format. PeopleSoft tables store the application and market data as normal fields and not as structures. This step enables you to combine the simple data types stored in the PeopleSoft rate tables and to build the complex data structures required by the analytic vendor that you specify.

In a later step, you can use SQL statements to retrieve complex data parameters from your application tables and incorporate these parameters into their respective functions.

Interface Methods

Set up parameters for communicating with third-party analytics using one of three methods:

- Microsoft Excel.
- COM.
- Flat File Export.

Common Elements Used in This Section

Sequence	Displays the numerical order in which a process runs.
Character	Enter an alphanumeric character.
Structure	Enter a predefined analytic structure.
Data Type	Select from <i>Character</i> , <i>Date</i> , or <i>Number</i> . The data type corresponds to the value of the characters in the data tables.
MTM Func Comments (mark to market function comments)	Enter comments about parameters, any limitations or exceptions to these parameters, and general comments on functions.

Pages Used to Setup Analytics

Page Name	Object Name	Navigation	Usage
Define Structures	MTM_STRUCTDEFN_PNL	Risk Management, Structure Analytics, Analytic Structures, Define Structures	Define the analytic structures that your organization uses when assigning valuation parameters. Delivered for use with FEA.
Analytic SQL	MTM_SQLCNTRL_PNL	Risk Management, Structure Analytics, Analytic SQL	Assign SQL statements to retrieve the discrete deal and market rate information. PeopleSoft tables store this data.
Vendor Information	MTM_PRODNM_PNL	Risk Management, Structure Analytics, Vendor Information	Enter general information about your third-party analytics vendors.
Vendor Parameters	MTM_PARMNM_PNL	Risk Management, Structure Analytics, Vendor Information, Parameters	Establish parameters used by functions associated with a specific vendor. Delivered for FEA and JP Morgan FourFifteen™.
Analytic Functions (Excel)	MTM_FUNC_HDR_EXL_P	Risk Management, Structure Analytics, Analytic Functions (Excel)	Map your analytics to Microsoft Excel formatting.
Analytic Functions (Excel) - Parameters	MTM_FUNC_DFN_EXL_P	Select the Parameters tab on the Analytic Functions (Excel) page.	Assign parameters to your Microsoft Excel-based analytics.
Analytic Functions (COM)	MTM_FUNC_HDR_COM_P	Risk Management, Structure Analytics, Analytic Functions (COM)	Set up analytics using the COM format.
Analytic Functions (COM) - Parameters	MTM_FUNC_DFN_COM_P	Select the Parameters tab on the Analytics Using COM page.	Assign parameters to COM-based analytics.
Analytic Functions (File Exp)	MTM_FUNC_HDR_FSI_P	Risk Management, Structure Analytics, Analytic Functions (File Exp)	Set up analytics using file export.
Analytic Functions (File Exp) - Parameters	MTM_FUNC_DFN_FSI_P	Select the Parameters tab on the Analytics Using File Export page.	Assign parameters to your analytic functions using file export.
Analytic Calculations - Program	MTM_PROGRAM_DEFN	Risk Management, Structure Analytics, Analytic Calculations	Create arithmetical functions to identify and measure risk as well as conduct macroeconomic analyses. For example, you can do what-if cases where interest rate changes cause variations in demand.

Page Name	Object Name	Navigation	Usage
Analytic Calculations - Steps	MTM_PROG_STEPS	Select the Steps tab on the Analytic Calculations – Programs page.	Establish instrument to analytic program mapping.
Function Details/Parameters	MTM_PROG_FUNC_DETL	Click the Function Details/Parameters link on the Analytic Calculations-Steps page.	Establish evaluation type values for functions.
Analytic Functions	INSTR_MTMDEFN_PNL	Deal Management, Administer Deals, Define Instruments, Instrument Header – Analytic Functions	Map analytic functions to specific instrument types.
Deal Analytics	MTM_DEALVAL_PNL	Deal Management, Capture Deals, Deals, Deal Header – Deal Analytics	Set up analytics for the deal. Override the analysis results by manually entering values. View a history of values that were created during the lifetime of the deal.

Defining Analytic Structures

Access the Define Structures page.

Field Name Displays the name associated with the data field extracted from the market rate or deal data tables.

Data Type Corresponds to the value of the characters in the data tables.

Assigning Analytic SQL Statements

Access the Analytic SQL page.

Analytic SQL

Analytic SQL ID: 10YR_VOLATILITY

***SQL Type:** Select from Database

***Description:** 10 yr volatility number for use in JPM Four15 application. Obtained from rate tables. This is single ccy volatility. Index type is hardcoded to 'VO'.

Return Data Type: Number **Structure:**

☐ **Sensitivity SQL** **Control ID:**

SQL Statement:

```
select A. RT_RATE/100.00 from PS_MTM_RT_INTRP_VW A, PS_INSTR_MTMFN_IDX B where A. RT_RATE_INDEX =
B. RT_RATE_INDEX and A. FROM_CUR = (select TRANSACT_CURRENCY from PS_TRX_DETAIL_TR where BUSINESS_UNIT
=:BUSINESS_UNIT and TREAS_HEADER_ID=:TREAS_HEADER_ID AND TRANSACTION_LINE = 1) and A. TO_CUR = (select
TRANSACT_CURRENCY from PS_TRX_DETAIL_TR where BUSINESS_UNIT=:BUSINESS_UNIT and TREAS_HEADER_ID
=:TREAS_HEADER_ID AND TRANSACTION_LINE = 1) and A. RT_TYPE = B. RT_TYPE and B. INSTRUMENT_TYPE = (select
INSTRUMENT_TYPE from PS_TRX_HEADER_TR where BUSINESS_UNIT=:BUSINESS_UNIT and TREAS_HEADER_ID
=:TREAS_HEADER_ID)
```

Analytic SQL page

You need to retrieve specific parameters from the deal and forward these parameters to the analytic function to use the analytic functions. PeopleSoft Risk Management delivers a standard set of parameter SQL statements that retrieve the discrete deal and market rate information and store the data in PeopleSoft tables. You can use the SQL statements provided or devise and implement new parameter data, depending on your business requirements.

SQL Type	Select <i>Select from Database</i> if you are using a delivered SQL statement, or select <i>Save to Database</i> if you are creating an SQL statement.
Return Data Type	This field is available only if you are creating an SQL statement. Select a <i>Number</i> , <i>Date</i> , <i>Structure</i> , or <i>Char</i> (character). If you select <i>Structure</i> , the Structure field becomes available. Enter a structure that you defined on the Analytic Structures page.
Sensitivity SQL	Select this check box if you want to analyze portfolios or groupings of deals. If you select this check box, also enter a Control ID.
SQL Statement	Displays discrete deal and market rate information. You can view and edit this SQL statement, as necessary.

Entering Vendor Information

Access the Vendor Information page.

Select an Interface method:

Interface Method	Description	Conditions
<i>COM</i> (Component Object Model)	Creates objects that can be accessed and used by another COM compliant application. Uses analytic functions provided by FEA.	Selecting this option disables the Valuation Method, Workbook Required, and EDI Staging Table fields.

Interface Method	Description	Conditions
<i>Excel Add-In</i>	Calculates analytics for the deal using third-party Microsoft Excel adding functions.	<p>Selecting this option enables the Valuation Method and Workbook Required fields and disables the EDI Staging Table field.</p> <p>Select a valuation method of either <i>Function</i> or <i>Macro</i>, and select the Workbook Required check box, if applicable. The options you set depend upon the third-party vendor that you are using.</p>
<i>File Format</i>	<p>Provides a staging table location for deal attributes. PeopleSoft Risk Management stores the attributes in a staging table and exports them in a flat file to the JP Morgan FourFifteen™ application, providing Value-at-Risk measurement for portfolio deals. Uses analytic functions provided by FEA or JP Morgan FourFifteen™.</p>	<p>Selecting this option disables Valuation Method and Workbook Required fields and enables the EDI Staging Table field.</p> <p>Identify the location of the EDI staging table where you plan to store the deal data for export to JP Morgan FourFifteen™.</p>

Fields in the Contact Information group box are optional.

Mapping Vendor Function Parameters

Access the Vendor Parameters page.

The field attributes for this page vary depending on the values you select in the Data Type and Evaluation Type fields.

Data Type	Evaluation Type	Available Fields
Character	Use Constant.	Constant
	Use SQL.	Analytic SQL ID, Translate Y/N
Date	Use Constant.	Constant
	Use SQL.	Analytic SQL ID
Number	Use Constant.	Constant

Data Type	Evaluation Type	Available Fields
	Use SQL.	Analytic SQL ID, Translate Y/N
Structure	If you select <i>Structure</i> as your data type, you cannot select an evaluation type.	Structure, Analytic SQL ID

Use SQL

Select SQL statements in the Analytic SQL ID field from those provided by PeopleSoft Risk Management or additional statements that you created.

Use Constant

Select a value in the Constant field. You can use a constant value not associated with PeopleSoft tables, or use the same value for all deals regardless of the instrument type or any other conditions.

Translate Y/N (translate yes/no)

Select to enable the Parameter Value X-Ref group box, which provides a field for PeopleSoft and Vendor specific entries. Enter information specific to PeopleSoft Risk Management in the PeopleSoft field and information provided from your third-party vendor in the Vendor field. For example, PeopleSoft tables store an option Buy or Sell as a Purchase (P) or Write (W) XLAT value. Vendor “X” wants to see and use the values as a Buy (B) or Sell (S). PeopleSoft translates the PeopleSoft stored values (P) or (W) to Vendor “X” accepted values of (B) or (S).

File Export Field

Enter the mapping sequence used to map the parameter to a specific field in the staging table for JP Morgan FourFifteen™ file exports. This field is available only if you select *JPM-415* in the Product/Vendor Name field or select a vendor with *File Format* as the interface method on the Vendor Information page.

Setting Up Analytics for Using the Microsoft Excel Interface Method

Access the Analytic Functions (Excel) page.

Analytic Functions (Excel)		Parameters	
Vendor:	EXCEL_FUNCTIONS	Function:	DURATION
*Description:	Duration	Return Data Type:	Number ▼
		<input checked="" type="checkbox"/> Addin	
Access Info:	Analysis ToolPak		
Workbook:		Worksheet:	
Output Range:	a1		
MTM Func Comments:	<div style="border: 1px solid black; height: 50px; width: 100%;"></div>		

Analytic Functions (Excel) page

If you've specified an interface method of *Excel Add-In* for a vendor, you can add extra functions to apply to the same or different parameters, thereby increasing your complexity of analysis.

Return Data Type

Select *Number*, *Date*, *Structure*, or *Char* (character). If you select *Structure*, the Structure field becomes available. Enter a structure that you defined on the Analytic Structures page.

Addin

Select to incorporate an addin to your Microsoft Excel third-party analytics. If you selected *Macro* on the Vendor Information page, complete the Workbook and Worksheet fields. Enter the value of the Cell Location field (on the Analytics Using Excel – Parameters page) in the Output Range field.

Assigning Microsoft Excel Parameters

Access the Analytics Functions (Excel) - Parameters page.

Analytic Functions (Excel)Parameters

Vendor: EXCEL_FUNCTIONSFunction: DURATION

Find | View AllFirst1 of 1Last

*Sequence

1

Description:Cell Location: a1

Function CallDuration(&P1, &P2, &P3, &P4, &P5)

ParametersCustomize | Find | View All | First1-5 of 5Last

Sequence	Parameter Name	Absolute Value	Required	Cell Range		
1	SETTLEMENT		<input checked="" type="checkbox"/>	a2	+	-
2	MATURITY		<input checked="" type="checkbox"/>	a3	+	-
3	COUPON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	a4	+	-
4	YIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	a5	+	-
5	FREQUENCY		<input checked="" type="checkbox"/>	a6	+	-

Analytics Functions (Excel) - Parameters

Each third-party analytic function requires parameters to calculate an analytic value for a deal. Vendors provide functions and PeopleSoft uses the deal attributes stored in tables as parameters.

Specifying Function Calls

Function Call

If your vendor uses functions, you must concatenate &P with the sequential parameter number by separating each parameter with a comma in the Function Call field. The function call expands into a Microsoft Excel-compatible function call when you save. For example, if the function call is *Func (&P1, &P2, &P3)*, the values in the Cell Range field for these parameters are *C1*, *C2*, and *C3*. Internally, this cell range converts into *Func (R1C3:R1C3, R2C3:R2C3, R3C3:R3C3)*. This field is hidden, and Microsoft Excel uses it. The length of the field is equivalent to the maximum permissible character limit allowed for a Microsoft Excel cell (254 characters).

Cell Location

Displays the output sheet name. Enter this value in the Output Range field on the Analytics Using Excel page.

Mapping Parameters

Parameter Name

Select a parameter name value associated with the specified function.

Required

Indicates those function parameters that are required. Certain third-party vendor applications fail if you do not export specific required function parameters to their application.

Absolute

Select to convert a signed numeric value to an absolute numeric value.

Setting Up Analytics for Using the COM Interface Method

Access the Analytic Functions (COM) page.

This method uses analytic functions provided by FEA. If you specified a COM interface method, you can add extra functions to apply to the same or different parameters, thereby increasing your complexity of analysis.

Return Data Type Select *Number*, *Date*, *Structure*, or *Char* (character). If you select *Structure*, the Structure field becomes available. Enter a structure that you defined on the Analytic Structures page.

Assigning COM Parameters

Access the Analytic Functions (COM) - Parameters page.

Create Object Enter the component object model name. If you select either *Get Property* or *Set Property*, enter the Property name. If you select *Method*, enter the Method name.

See Also

Chapter 2, “Defining Risk Management Processing Options,” Assigning Microsoft Excel Parameters, page 16

Setting Up Analytics for Using the File Export Interface Method

Access the Analytic Functions (File Exp) page.

This method uses analytic functions provided by FEA or JP Morgan FourFifteen™. If you’ve specified an interface method of File Export for either vendor, you can add extra functions to apply to the same or different parameters, thereby increasing your complexity of analysis.

Assigning File Export Parameters

Access the Analytic Functions (File Exp) - Parameters page.

See Also

Chapter 2, “Defining Risk Management Processing Options,” Assigning Microsoft Excel Parameters, page 16

Defining Analytic Calculations

Access the Analytic Calculations - Program page.

Mapping Calculations to Programs

Access the Analytic Calculations - Steps page.

Program Steps

Vendor: EXCEL_FUNCTIONS Calculation: DURATION

Parameters Find | View All First 1 of 1 Last

*Step	Variable	Operand Type	Operand Value:	Operator	Operand Type 2
1		Function	DURATION		

☐ Save [Function Details/Parameters](#)

Analytic Calculations - Steps page

This page enables you to further define analytic rules for a specific vendor, using existing predefined calculations. You can create relationships between mathematical operands using mathematical operators. Next to the Step field, there are four columns of information: Variable, Operand, Operator, and Operand. (Operand is not a visible field name).

To create steps:

1. Define the step number.
2. Define the variable.

Variables symbolically refer to figures, which must be generated through calculations. Use of variables improves system performance when rendering complex mathematical operations. The available mathematical operations that you can symbolize through variables are determined by the operands that you select.

3. Select an operand.

Operands are the components of mathematical operations. There are four types of operands:

- *Constant*: Brings a particular figure into your formulations.
- *Function*: Runs provided functions, such as executing valuation models or setting up yield curves. The Function operand can be used only as the first operand, the primary mathematical process, which is then adjusted by given quantities. Selecting *Function* as an operand activates the Parameter link, which enables you to edit a provided function according to your business needs.
- *SQL*: Uses SQL.
- *Variable*: Uses a specified variable.

4. Define an operator.

Operators refer to the symbols of mathematical relationships linking operands. In addition to the four standard math operators (+ = Add, - = Subtract, x = Multiply, / = Divide), five additional operators are provided:

- *Log*: Any base logs.
- *Exp*: Enables you to calculate discount rates.
- *Min*: Lowest operand.
- *Max*: Creates operand.
- *Return*: Enables you to make the result of that step to return to the underlying calculation (PeopleCode) for further use.

5. Define an operand.
6. Select the Save check box to store that step's data as temporary data in a table.

Setting Parameter Details

Access the Function Details/Parameters page.

You can edit the evaluation type of a function's sub-function parameters, according to your business needs.

Use Constant	Select to specify a constant value.
Use SQL	Select to specify an SQL statement.
Use Variable	Select to specify a variable.

Defining Deal Analytic Functions

Define deal analytic functions.

See *PeopleSoft Deal Management 8.8 PeopleBook*, "Capturing Deals and Trade Tickets".

Defining Analytics for Enterprise Exposures

Define analytics for enterprise exposures.

See Chapter 4, "Analyzing Risk and Determining Hedges .," page 35.

Defining Deal Instrument Analytic Functions

PeopleSoft Risk Management uses analytic parameters that you define for a deal instrument in PeopleSoft Deal Management during deal reevaluation.

See Also

Chapter 3, "Introducing Hedge Analytics and FAS 133," page 23

Chapter 4, "Analyzing Risk and Determining Hedges .," page 35

Chapter 7, "Reevaluating Deals .," page 63

Page Used to Define Instrument Analytic Functions

Page Name	Object Name	Navigation	Usage
Analytic Functions	INSTR_MTMDEFN_PNL	Deal Management, Administer Deals, Define Instruments, Instrument Types, Instrument Header – Analytic Functions	Define analytic functions for a specified instrument.

Defining Instrument Analytic Functions

Access the Instrument Header – Analytic Functions page.

The screenshot displays the 'Instrument Header - Analytic Functions' page. At the top, there are tabs: 'Instrument Header', 'Instrument Detail', 'Analytic Functions' (which is active), 'Accounting Templates', and 'Complex Instrument'. Below the tabs, the 'SetID' is 'SHARE' and the 'Instrument Type' is 'AMORTSWAP'. The 'Fair Value Adjustment Type' is set to 'Per Period Fair Value'. A 'Details' section follows, containing fields for 'Function Usage' (MTM), 'Mode' (GENERIC), 'Vendor' (FEA_COM), 'Option Line' (empty), and 'Calculation' (SWAP_VALUATION). At the bottom, there is a 'Rate/Index Type' table with columns 'Data Purpose', 'Market Rate Index', and 'Rate Type'. The table has a search icon and navigation buttons (+, -).

Instrument Header - Analytic Functions page

Fair Value Adjustment Type

Select from *Per Period Fair Value*, *Cumulative Amortized Cost*, or *Cumulative Fair Value*.

Function Usage

Select the function usage for this instrument. If you have more than one function sequence, the sequences must be from the same vendor. Select from the following:

Convexity: Represents the amount that an instrument's price sensitivity differs from that implied by the instrument's duration. Mathematically, it is the second derivative of price with respect to yield. For a bond, it measures the curvature of the price/yield relationship of a bond's cash flows.

Credit Risk: Describes the credit risk associated with an instrument.

Delta: Describes an option premium's sensitivity to changes in the price of the underlying. It is the amount of the underlying necessary to hedge small changes in the option price for small movements.

Duration: Represents the average life of the present values of future cash flows from an instrument. Mathematically, it is the first derivative of price with respect to yield.

File Export: Processes deal attributes into a flat file for use by JP Morgan FourFifteen™ and other standalone third-party applications. If you select *File Export*, the fields in the Rate/Index Type group box are unavailable.

Firm-wide Analysis: Analyzes macro-level performance of the firm.

MTM (mark to market): Calculates the value of the financial instrument based on the current market price of the underlying.

MTM-A (mark to market accounting): Calculates the clean value of the financial instrument based on the current market price of the underlying for accounting purposes. This value does not contain any accrued interest.

Pricing: Values an instrument to observe and analyzes its worth. This may or may not involve using current market prices.

Market Risk: Analyzes the impact of changes in market conditions on the firm.

Operational Risk: Measures the risk arising out of operational conditions and human interaction.

Other: Indicates any other type of risk, for example, legal, political, and so on.

Risk Measures

Calculates the various risk measures that are useful in determining the risk-reward structure of investments.

Strategic Risk

Analyzes the impact of strategic decisions on the firm on a quantitative basis.

Calculation

Specify an analytic calculation.

Rate/Index Type

Data Purpose

Select from the following: *Cmdty* (commodity), *Credit*, *FX* (foreign exchange), *Other*, *Price*, *VO* (volatility), or *Yield*.

Market Rate Index and Rate Type

Specify options for these fields to dictate the mapping of market rates to the instrument types.

Defining Market Risk Scenario Sets

To define market risk scenario sets, use the Market Risk Scenario Set component (MTM_SCENARIO_DEFN).

You can define multiple market risk scenario sets and analyze the effects of various risk factors on your holdings.

Page Used to Define Market Risk Scenario Sets

Page Name	Object Name	Navigation	Usage
Market Risk Scenario Set	MTM_SCENARIO_DEFN	Risk Management, Structure Analytics, Market Risk Scenario Set	Establish parameters for your market risk scenario sets.

Defining Market Risk Scenario Sets

Access the Market Risk Scenario Set page.

Component

Define a component name to use for reevaluation processing.

Purpose

Select the market risk type for analysis. Select from *Commodity*, *Credit Spread*, *Foreign Exchange*, *Market Price*, *Other Curve*, *Volatility*, or *Yield Curve*.

Index

For each scenario set item, specify the market index and Rate Type used for analysis.

CHAPTER 3

Introducing Hedge Analytics and FAS 133

This chapter discusses:

- Hedge analytics and the FAS 133 Hedge Accounting feature.
- Hedge types.
- Embedded derivatives.

Understanding Hedge Analytics and the FAS 133 Hedge Accounting Feature

This section discusses:

- PeopleSoft Risk Management and FAS 133.
- Documentation requirements.
- Periodic effectiveness assessment.
- Hedge de-designation.

See Also

Chapter 4, “Analyzing Risk and Determining Hedges,” page 35

Chapter 5, “Creating and Maintaining Hedges,” page 43

PeopleSoft Risk Management and FAS 133

Every enterprise’s assets and liabilities are exposed to fluctuations in interest rates, exchange rates, or commodity prices. An enterprise will always have natural hedges, but in most cases it is necessary to manage risk proactively by taking a position in a derivatives contract, insurance, and so on. Not entering into such contracts actually increases overall risk.

Derivatives, such as foreign exchange forward and future contracts, options, or currency swaps can reduce deviations from expected earnings, but the enterprise needs to implement risk management systems and procedures to manage those transactions.

PeopleSoft Risk Management provides the FAS 133 Hedge Accounting feature to address your organization’s economic realities and the regulatory requirements associated with derivative instruments. FAS 133 provides accounting standards for working with hedge transactions and requires certain compliance elements that provide stakeholders with windows into the workings and financial progress of the enterprise’s risk management.

Under FAS 133, you use special accounting for hedged transactions, decreasing the income statement volatility otherwise introduced by mark-to-market accounting.

See FAS 133 documentation, www.FAS133.com.

See Also

Chapter 4, “Analyzing Risk and Determining Hedges,” page 35

Chapter 5, “Creating and Maintaining Hedges,” page 43

Documentation Requirements

PeopleSoft Risk Management enables you to systemically meet and capture most FAS 133 documentation requirements.

There are, however, certain documentation issues in the FAS 133 standard that fall outside of the scope of database features, and these may or may not apply to your organization and its risk management strategy. PeopleSoft discloses and documents these context-sensitive areas during the course of this PeopleBook.

Periodic Effectiveness Assessment

Effectiveness tests provide a means for an organization, its stakeholders, and external auditors to evaluate whether risk management strategies are on track. The tests also evaluate whether hedges are working or are likely to work as planned, and thus remain within bounds for special accounting.

Examining the value of derivative instruments at given points in time, per ¶ 20(b), 28(b), determines whether they have experienced gains and losses on a derivative. When you set up a transaction, its correspondent hedged deal, and the link between the two and document it for FAS 133, you must also define and document tests or methodologies to assess hedge effectiveness.

Effectiveness Assessment at Inception

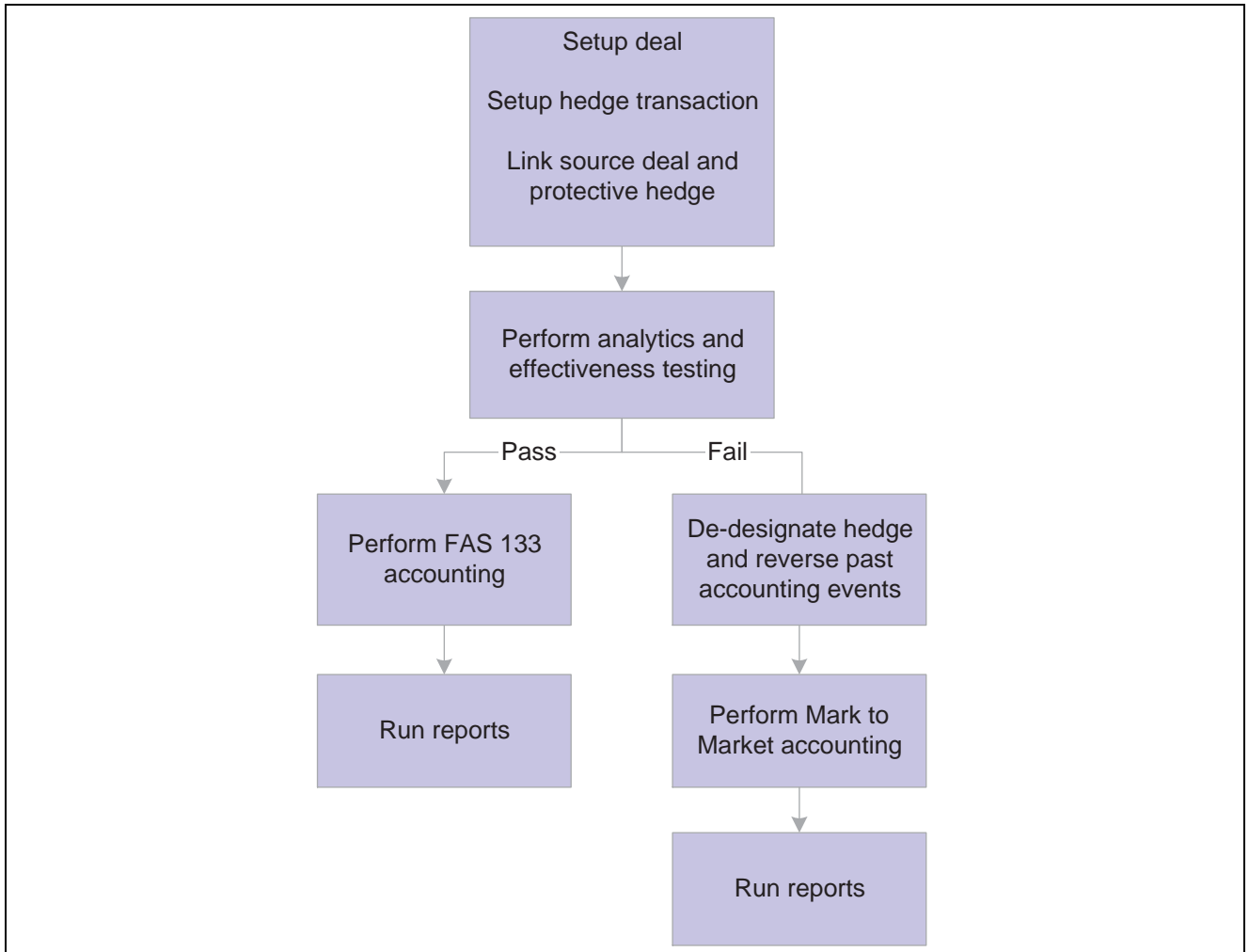
FAS 133 requires that you define tests of effectiveness assessment at the inception of the hedge, not retroactively or during the hedge’s life span. Identifying and recording a derivative’s value at predetermined points in time creates an audit trail.

Note. Regarding fair value hedges, ¶ 20(b) states: Both at inception of the hedge and on an ongoing basis, the hedging relationship is expected to be highly effective in achieving offsetting changes in fair value attributable to the hedged risk during the period that the hedge is designated. An assessment of effectiveness is required whenever financial statements or earnings are reported and at least every three months [¶ 20(b)]. Regarding cash flow hedges, ¶ 28(b) states: Both at inception of the hedge and on an ongoing basis, the hedging relationship is expected to be highly effective in achieving offsetting cash flows attributable to the hedged risk during the term of the hedge, except as indicated in paragraph 28(d) below. An assessment of effectiveness is required whenever financial statements or earnings are reported, and at least every three months [¶ 28(b)].

Hedge De-Designation

When your hedge transaction criteria are not met, including failed effectiveness assessment tests, you must de-designate the hedges, unwind their components, and apply mark-to-market accounting back to the last recorded date that the hedge passed effectiveness assessment. If a fundamental change in nature has occurred to the criteria you are hedging, FAS 133 accounting ends. For example, if you sell the recognized asset/liability, it expires, or the once firm commitment is terminated, FAS 133 accounting no longer holds.

Whenever deals meet documentation and effectiveness assessment testing requirements, you can use FAS 133's special accounting and benefit from decreased income statement volatility. This flowchart provides an overview of FAS 133 hedge accounting:



FAS 133 Hedge Accounting overview

Ineligible and Eligible Hedge Scenarios

These types of hedge scenarios are ineligible under FAS 133:

- Liquidity
- Theft
- Weather

- Competition
- Seasonality
- Political
- Operational

These types of hedge changes are eligible under FAS 133:

- Fair value of entire financial instrument.
- Percentage of entire fair value of the financial instrument.
- Fair value attributable to changes in interest (including prepayment as a separate component of interest-rate risk).
- Fair value attributable to changes in foreign currency exchange rates.
- Fair value attributable to changes in the obligator's creditworthiness.

Understanding Hedge Types

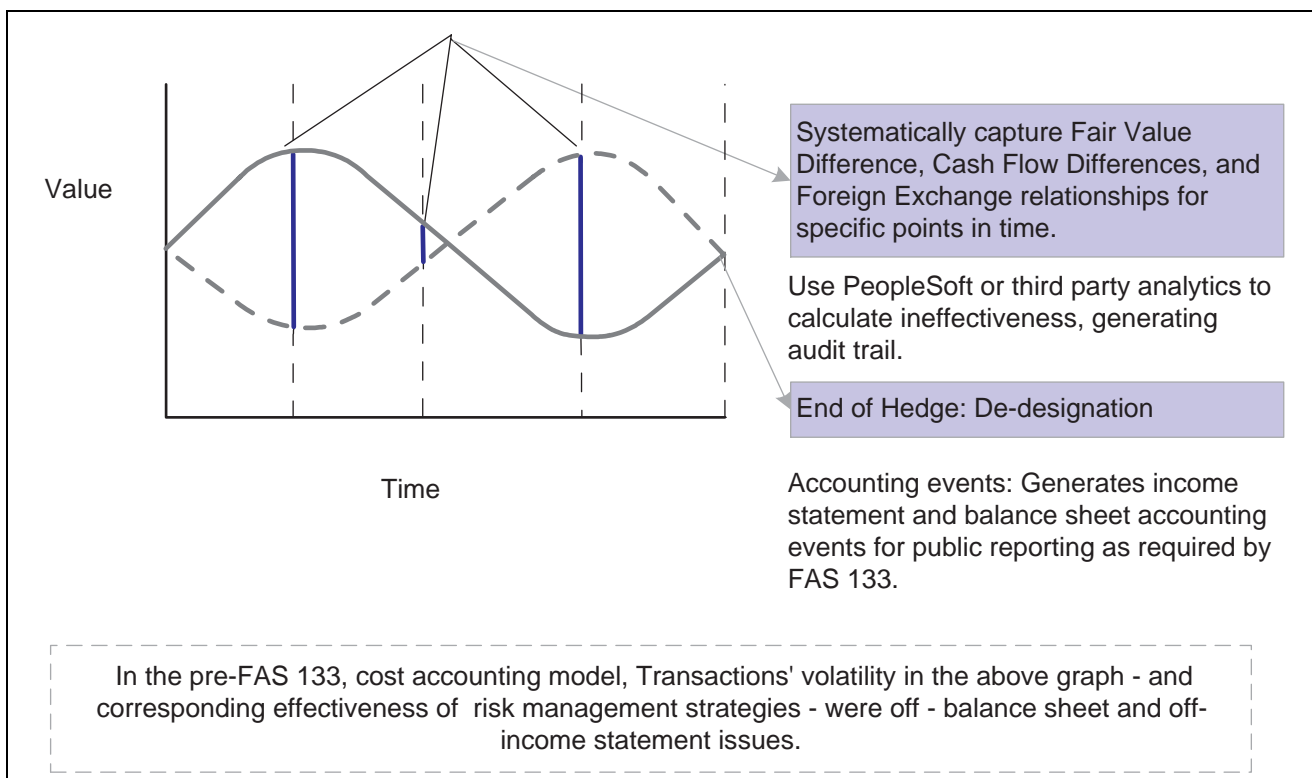
FAS 133 standardizes accounting for derivative instruments. It requires you to recognize derivative instruments as assets and liabilities in their statements of financial position and then to measure them at fair value. If certain conditions are met, your organization can designate a derivative instrument as a fair value hedge, cash flow hedge, or foreign currency hedge.

This section discusses:

- PeopleSoft Risk Management and hedges.
- Fair value hedges.
- Cash flow hedges.
- Foreign currency hedges.

PeopleSoft Risk Management and Hedges

This diagram shows how PeopleSoft Risk Management handles hedges:



Handling hedges in PeopleSoft Risk Management

This table shows the types of hedges that are available with particular kinds of instruments:

Instrument	Interest Rate	F/X	Fair Value	Cash Flow	Other
Swap	XXX		XXX	XXX	
Forward		XXX	XXX		XXX
Option		XXX		XXX	

Fair Value Hedges

Fair value hedges are hedges against exposure to changes (that are attributable to a particular risk) in the fair value of either of the following:

- Recognized assets or liabilities on your balance sheet.
- Unrecognized firm commitment and specific business commitments having significant financial relevance to your organization, but whose quantitative value does not go to your general ledger.

Firm Commitments

You hedge firm commitments in fair value hedges and in foreign currency cash flow hedges.

See “Fair Value Hedges: Firm Commitments—Statutory Remedies for Default Constituting a Disincentive for Nonperformance, www.rutgers.edu/Accounting/raw/fasb/derivatives/issuef3.html.

Note. 540 defines a Firm Commitment as the following: “An agreement with an unrelated party, binding on both parties and usually legally enforceable, with the following characteristics: (a) The agreement specifies all significant terms, including the quantity to be exchanged, the fixed price, and the timing of the transaction. The fixed price may be expressed as a specified amount of an entity’s functional currency or of a foreign currency. It may also be expressed as a specified interest rate or specified effective yield. (b) The agreement includes a disincentive for nonperformance that is sufficiently large to make performance probable.”

Under FAS 133, gains and losses on qualifying fair value hedges should follow these accounting guidelines:

- They must recognize the hedging instrument’s gain or loss in current earnings.
- The gain or loss (that is, the change in fair value) on the hedged item attributable to the hedged risk must adjust the carrying amount of the hedged item and be recognized in current earnings.

Note. From ¶ 19 of FAS 133: “The change in fair value of an entire financial asset or liability for a period refers to the difference between its fair value at the beginning of the period (or acquisition date) and the end of the period, adjusted to exclude (a) changes in fair value due to the passage of time and changes in fair value related to any payments received or made, such as in partially recovering the asset or partially settling the liability.”

Here is an example of how this works:

With regression testing of a fair value hedge, the hedge is considered effective if its period ratio is between 80 and 125 basis points (0.8 to 1.25).

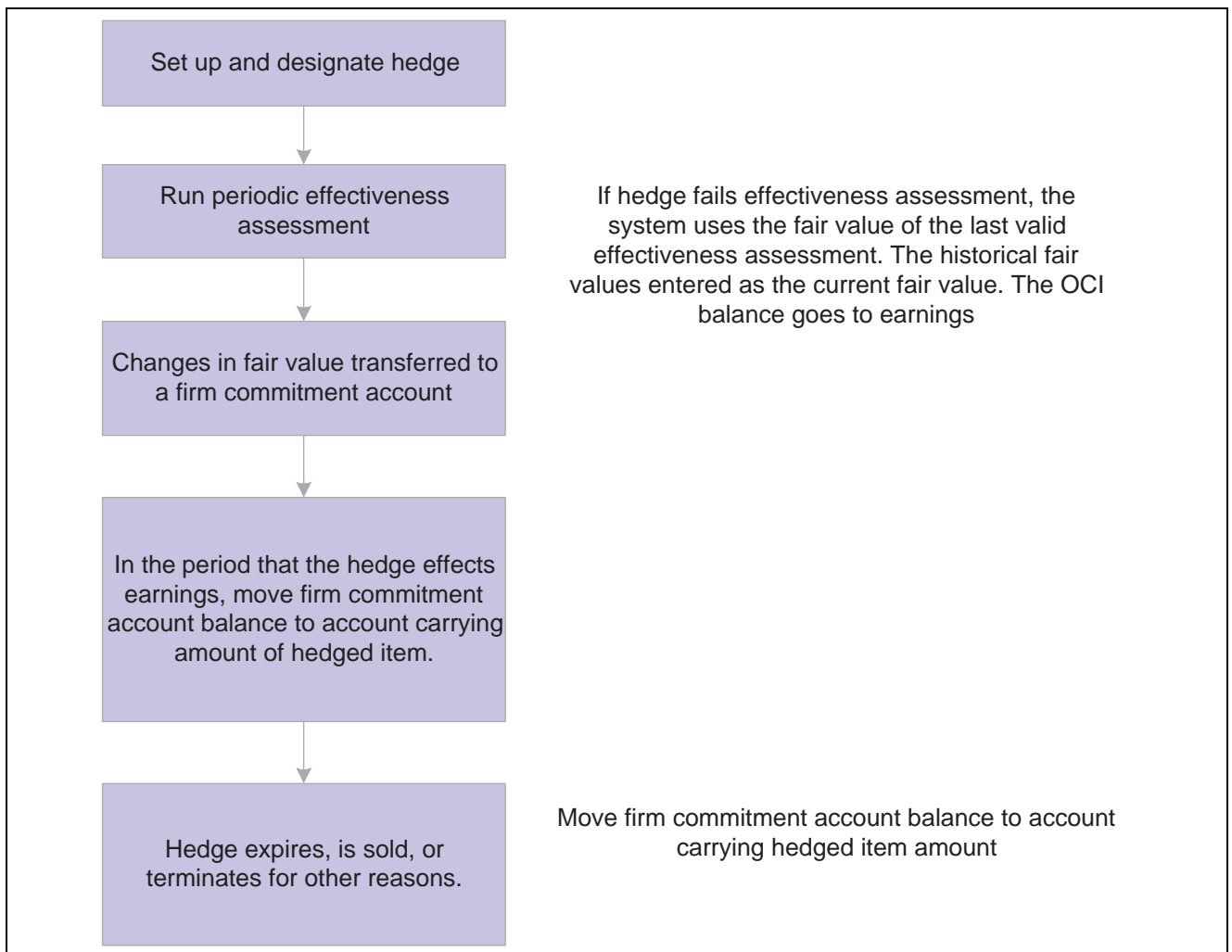
Period ratio equals the difference between the fair value change of hedging instrument (change in swap value) and the fair value change of hedged item (change in debt value).

	Period 1	Period 2	Net Difference
Change in swap value (hedging instrument)	10	-7	17
Change in debt value (hedged item)	-9	5	14
Difference in fair value	1	-2	3
Period ratio	-1.11 passes regression test ratio is within 0.8 to 1.25	-1.4 fails regression test terminate hedge	

Note. *DIG's Fair Value Hedges: Basing the Expectation of Highly Effective Offset on a Shorter Period Than the Life of the Derivative*, located at www.rutgers.edu/Accounting/raw/fasb/derivatives/issuef5.html, states: "In documenting its risk management strategy for a fair value hedge, an entity may specify an intent to consider the possible changes (that is, not limited to the likely or expected changes) in value of the hedging derivative and the hedged item only over a shorter period than the derivative's remaining life in formulating its expectation that the hedging relationship will be highly effective in achieving offsetting changes in fair value for the risk being hedged. The entity does not need to contemplate the offsetting effect for the entire term of the hedging instrument."

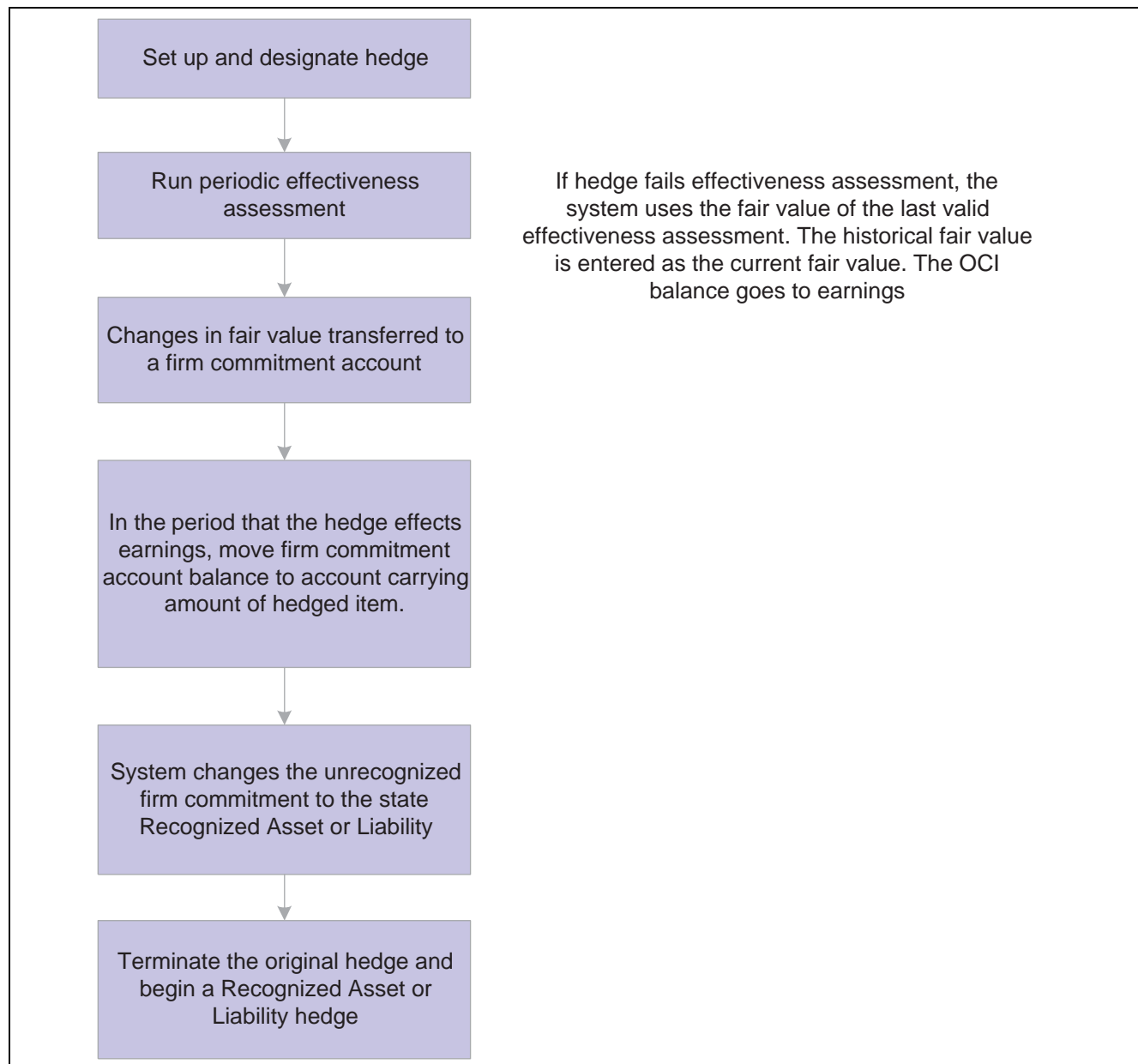
The functionality of PeopleSoft Risk Management is not intended for formulating the prospective consideration that a hedge will be effective.

This illustration shows the fair value hedge in time:



Fair value hedges in time

This next illustration shows the life of an unrecognized firm commitment set up as a fair value hedge:



Fair value hedges in time of unrecognized firm commitments

Cash Flow Hedges

Cash flow hedges are hedges against exposure to volatility (that are attributable to particular risks) in the cash flows of either:

- Recognized assets or liabilities.
- Forecasted transactions.

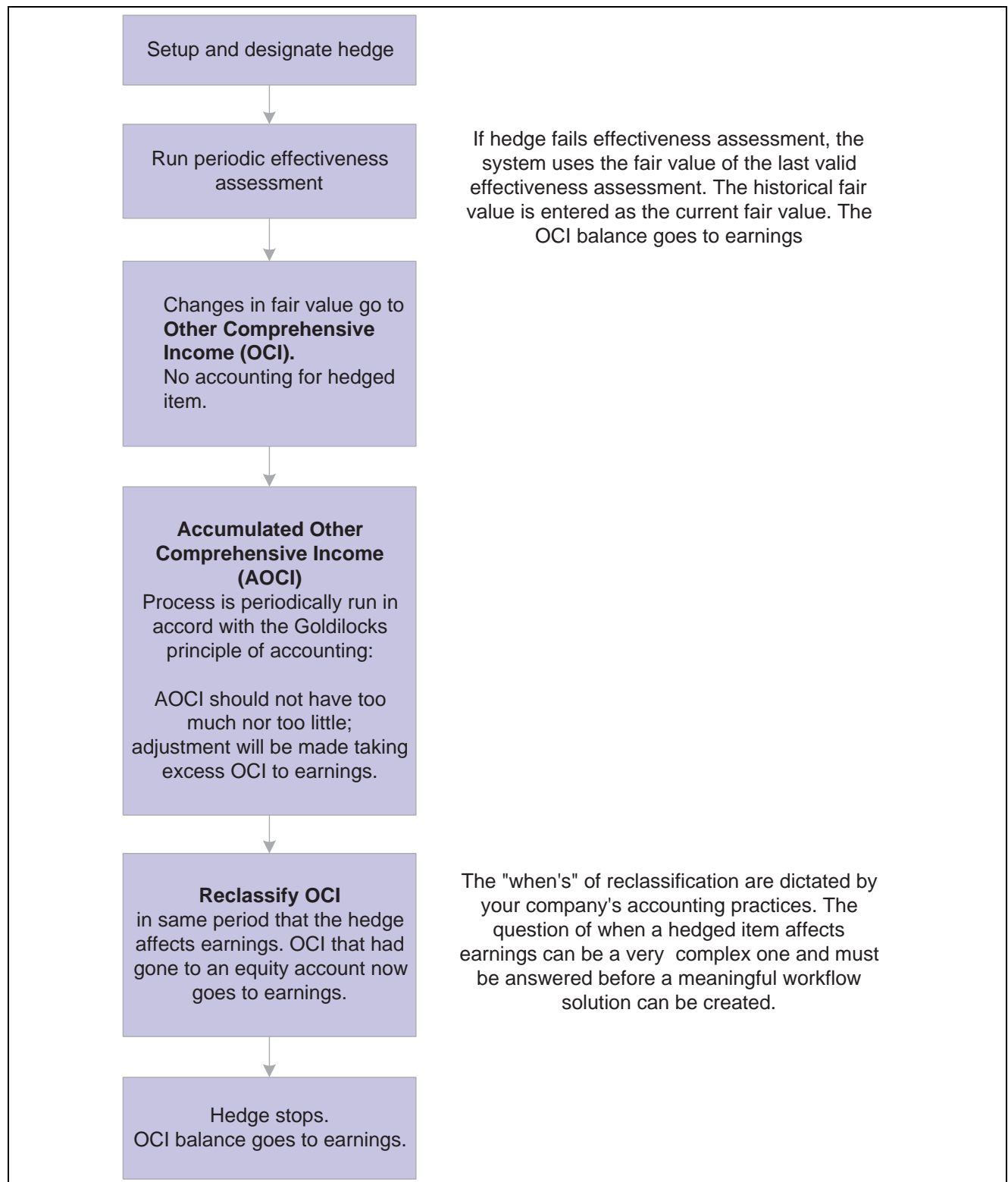
The main purpose of a cash flow hedge is to link a hedging instrument and a hedged item in situations where you expect changes in cash flows to offset one another. Under FAS 133, to achieve this offsetting of cash flows, changes in the fair value of a derivative instrument that is designated and effective as a cash flow hedge must be:

- Initially reported as a component of Other Comprehensive Income (OCI) outside earnings.

- Later reclassified as earnings in the same periods during which the hedged transaction affects earnings (for example, when a forecasted sale actually happens).

Capture changes in the derivative instrument's fair value using effectiveness testing, which creates OCI accounting events. These events, in turn, generate an audit trail and become available for public reporting. Report OCI in the equity section of the balance sheet.

This flowchart shows the cash flow hedge occurring in time:



Cashflow hedges in time

Derivatives Implementation Group Issues

When calculating the amount of ineffectiveness of a cash flow hedge according to ¶ 30(b), the guidance in Derivatives Implementation Group (DIG) Issue G7 applies.

See “G7 - Cash Flow Hedges: Measuring the Ineffectiveness of a Cash Flow Hedge of Interest Rate Risk,” When the Shortcut Method Is Not Applied, www.rutgers.edu/Accounting/raw/fasb/derivatives/issueg7.html.

The issue lists three methods. PeopleSoft Risk Management supports only the calculations of Methods 2 and 3.

Method 1: The Change in Variable Cash Flows method involves the following amounts that need to be calculated using an analytic:

- Cumulative change in fair value of the swap.
- Present value of the cumulative change in the cash flow on the floating leg of the swap.
- Present value of the cumulative change in the expected future interest cash flows on the floating rate debt.

Method 2: The Hypothetical Derivative method involves the following amounts that must be calculated using an analytic:

- Cumulative change in fair value of the actual swap.
- Cumulative change in fair value "hypothetical" swap that mirrors the floating rate debt.

The change in the fair value of the “perfect” hypothetical swap can be regarded as a proxy for the present value of the cumulative change in expected future cash flows on the hedged transaction, as described in ¶ 30(b)(2).

With the analytic used to value the forecasted transaction, you calculate the second amount in the previous list: the cumulative change in fair value "hypothetical" swap that mirrors the floating rate debt.

Method 3: Change in Fair Value method involves the following amounts that must be calculated using an analytic:

- Cumulative change in fair value of the actual swap.
- Present value of the cumulative change in the expected future interest cash flows on the floating rate debt.

Foreign Currency Hedges

Foreign currency hedges are hedges against foreign currency exposure to any of the following:

- Unrecognized firm commitments (fair value).
- Available-for-sale securities (fair value).
- Forecasted transactions (cash flow).
- Net investments in a foreign operation.

Unrecognized Firm Commitments

See Firm Commitments.

Available-for-Sale Securities

You can hedge the change in fair value of an available-for-sale debt security (or a specific portion) from changes in foreign currency exchange rates.

You can also hedge available-for-sale equity securities if changes in fair value come from changes in foreign currency under certain conditions. First, the security cannot be traded on an exchange (or another established marketplace) where trades are denominated in your functional currency. Second, dividends, or other cash flows, to the security's holders' must be denominated in the same foreign currency that you expect to receive when the security is sold.

Forecasted Transactions/Recognized Firm Commitments

You can hedge foreign currency exposure to variability in the functional-currency-equivalent cash flows from foreign-currency-denominated forecasted transactions and foreign-currency-denominated intercompany transactions.

Net Investment in a Foreign Operation

The complexity of a foreign operation extends beyond the scope of cash flow and fair value hedges, which address the risks of specific financial components. Net investment in foreign operation hedges are not supported in PeopleSoft Risk Management.

Understanding Embedded Derivatives

The FAS 133 Hedge Accounting feature in PeopleSoft Risk Management enables you to record and account for embedded derivatives in the following two ways:

- You enter two separate PeopleSoft Risk Management deals: one for the host contract and one for the embedded derivative.
- You enter the hybrid deal as a single deal using multiple detail lines/instrument base types if needed, and select the *Embedded* option on the Instrument Information component.

Note. The latter method is allowable only when the hybrid deal is not remeasured at fair value with changes in fair value reported in any account (such as earnings or OCI or any other account). If the hybrid deal is remeasured at fair value with changes in fair value reported in earnings as they occur, then the embedded derivative is not separated from the host contract (according to the guidance in ¶ 12(b)). If the hybrid deal is remeasured at fair value with changes in fair value reported in any other account, then method (1) (separate deals) must be used to enter the hybrid instrument. This is because the system does not allow separate calculations to be made for the fair value of the host contract and the fair value of the embedded derivative.

You must examine specific contracts and ask if they contain an embedded derivative, determine how to split the embedded derivative from the host contract, and determine how best to use the Instrument Base Type architecture in PeopleSoft to split the hybrid contract into a host contract and a separated derivative.

CHAPTER 4

Analyzing Risk and Determining Hedges

This chapter provides an overview of the risk analysis process and discusses how to:

- Analyze positions.
- Analyze enterprise exposures.
- Run firm-wide analysis.
- Run and maintain VaR analysis.
- Export market risk files.

Understanding the Risk Analysis Process

This section discusses:

- Prerequisites.
- Common elements used in this chapter.
- Provided valuation functions.

Prerequisites

You must first define risk analytics on the Enterprise Exposure page.

See Also

[Chapter 2, “Defining Risk Management Processing Options,” page 3](#)

Common Elements Used in This Chapter

Calculation or Analytic Calculation	Select a calculation to generate the risk analysis. The selected vendor or vendor product name determines the available values.
Function Usage	Select the type of analysis to perform.
Mode or Analytics Mode	Available values depend on the function usage type.
Vendor or Vendor Product Name	Select from the available vendor names, generally <i>Excel Functions</i> or <i>FEA COM</i> . You define vendor names and their analytic calculations at installation.
Calculate	Click to run a risk analysis calculation.

Provided Valuation Functions

Through PeopleSoft's partnership with Financial Engineering Associates (FEA), PeopleSoft Risk Management contains an analytics package that provides a complete suite of valuation functions to manage your enterprise risk, including:

- Analytics calculation.

Analytics calculation includes all of the different functions needed to perform a comprehensive risk analysis and management. For example, due to the complexity of analysis and companies, you can create your own customized analytics. Customized analytics include:

- Treasury deal valuations.
- Cash forecasting.
- Sales forecast.
- Manufacturing optimization.
- Brand and channel valuation.
- Macro level analysis.
- FAS 133 hedging effectiveness.
- Value at Risk (VaR).
- Asset calculation depreciation.
- Market, credit, operation, business, and strategic risk analysis and determination.

- Enterprise exposures.

Enterprise exposures contains various objects that reside in PeopleSoft or third-party systems where the combination of curves, scenarios, and analytics are run. Exposures include:

- Cash, deal, and other financial objects.
- Orders, demand, sales, inventory, manufacturing, and other non-financial objects.
- Mortgage obligations and other third-party objects.

Use combinations of different exposure objects to evaluate the impact of business and financial risks on the enterprise. Currently, exposure objects (treasury and non-treasury) are defined stored.

- Graphs and reports.

The system stores analysis and analytic activity output. You can generate reports (system delivered or customized) for both managerial and compliance needs, which consist of online analytical processing (OLAP) and generic data.

Here's how to determine hedges:

- Process and analyze a current cash position worksheet.
- Process and analyze one or more risk calculations:
 - Enterprise exposure
 - Firm-wide analysis
 - VaR analysis

- Determine what deals must be hedged from analysis results.

See Also

Chapter 5, “Creating and Maintaining Hedges,” page 43

Analyzing Positions

Analyze your cash positions.

See *PeopleSoft Cash Management 8.8 PeopleBook*, “Defining Cash Positions,” Managing Position Worksheets.

Analyzing Enterprise Exposure

This section discusses how to:

1. Enter enterprise exposure information.
2. Enter scenario details.
3. Define financial curves

Pages Used to Analyze Enterprise Exposure

Page Name	Object Name	Navigation	Usage
Enterprise Exposures	RSK_EXPOSUR_PNL	Risk Management, Analyze Risk, Enterprise Exposures	Define and analyze exposures to the enterprise.
Enterprise Exposure - Details	RSK_EXPOSUR_DTL	Click the Details link on the Enterprise Exposure page.	Capture free-form notes about your enterprise exposure.
Financial Curves	RSK_EXP_CURVE_PNL	Click the Curves link on the Enterprise Exposure page.	Define the purpose and parameters of financial curves.

Entering Enterprise Exposures Information

Access the Enterprise Exposures page.

Enterprise Exposures

Unit: US001 Exposure ID: NEXT

Description: NAKASHIMA_001 [Details](#)

Risk Type: Business

Exposure Flow Type: Fixed Exposure Begin: 10/01/2003 Exposure End: 05/31/2004

Amount: 100,000,000 Exposure Currency: JPY

Risk Analytics

Function Usage: MTM

Mode: [Calculate](#)

Product/Vendor Name: EXCEL_FUNCTIONS [Curves](#)

Calculation: DURATION

Valuation History

[Customize](#) | [Find](#) | [View All](#) | First 1 of 1 Last

As of Date	SeqNum	Valuation	Currency
10/21/2003			

Enterprise Exposures page

Details Click to enter additional information about the enterprise exposure.

Risk Type Select *Business*, *Credit*, *Market*, *Operations*, *Other*, or *Strategy*.

Exposure Flow Type Select *Fixed* or *Variable*.

Exposure Begin and Exposure End Specify the beginning and ending date range.

Risk Analytics

Function Usage Select *MTM* (Mark-to-Market) or *MTM-A* (Market-to-Market Accounting).

Curves Click to map the rates or curves to the value of the exposure.

Valuation Displays current valuation from an analytic for a financial instrument.

Note. MTM value generally consists of the fair value of the instrument plus any accrued interest (known as the “dirty price”). For accounting purposes, you must exclude any accrued interest and use only the fair value for gains and losses (or the “clean price,” in the case of interest rate physicals).

Entering Scenario Details

Access the Enterprise Exposure – Details page.

Defining Financial Curves

Access the Enterprise Exposure – Curves page.

Purpose Select *Commodity*, *Credit Spread*, *Foreign Exchange*, *Market Price*, *Other Curve*, *Volatility*, or *Yield Curve*.

Running Firm-Wide Analysis

You can analyze macro-level performance of the firm at the business unit level on an ad-hoc basis. This section discusses how to run firm-wide analysis.

Page Used to Run Firm-Wide Analysis

Page Name	Object Name	Navigation	Usage
Firm-Wide Analysis	RSK_ANL_RUN_PNL	Risk Management, Analyze Risk, Firm-Wide Analysis	Run analytics for a specified business unit.

Running Firm-Wide Analysis

Access the Firm-Wide Analysis page.

Function Usage	Select <i>Firm-wide Analysis</i> .
Analysis	Select a firm-wide analysis type.
Output	Displays the results of your specified calculation parameters.

Running VaR Analysis

This section provides an overview of VaR analysis and discusses how to run VaR analysis.

Understanding VaR Analysis

VaR is a methodology for measuring financial risk exposure. VaR is a number that represents estimated portfolio losses due to market movements for a particular time period and a given confidence level. With VaR, you can identify sources of risk and either bear them to support long-term strategies, transfer the risks at a reasonable price, or decide on alternatives to shed the risk.

Defining potential loss depends on two parameters:

- Time horizon considerations.
- Degree of confidence.

Time Horizon Considerations

Choosing a horizon for VaR calculation depends on your company's objectives and the portfolio's characteristics. Typical considerations include:

- Unwind period: how long, on average, does it take to reverse a market position or individual trade?
- Attention period: how often, on average, do you reexamine your portfolio and its mark-to-market or hedging trades?
- Accounting period: how long until the next financial reporting must be done?

Degree of Confidence (Probability of Occurrence)

The degree of confidence is a measure of the degree of certainty of the VaR estimate. The most commonly used degree of confidence is 95 percent, which means that 95 percent of the time the losses will be lower than the VaR number, while 5 percent of the time the portfolio will experience greater losses.

For example, an enterprise's Relative Earnings at Risk (EaR) are 10.00 MM USD, the time period is set to three months, and the confidence level is 95 percent. Over the next three months, there is a 5 percent chance that earnings will fall 10.00 MM USD or more below the target earnings for the period (6.00 MM USD).

Note. VaR concentrates on financial price risk, not on operational, legal, and other risks that the enterprise faces.

Calculating VaR

You can calculate VaR from three complementary methodologies and use these different measurements to simultaneously provide an overall view of your portfolio's risks.

Variance-covariance (analytic VaR)	The most commonly used of the three VaR methods, variance-covariance analyzes volatility and correlation between different risk exposures of an enterprise's portfolio.
Monte Carlo simulation	Generates random scenarios of prices and uses them to reevaluate a portfolio. Looking at hypothetical profits and losses under each price scenario, you can construct a histogram of expected profit and losses from which VaR is calculated. It does not assume that portfolio returns are distributed normally, but you need a correlation and volatility matrix to generate the random scenarios.
Historical simulation	Revalues a portfolio for several hundred historical scenarios, building a "hypothetical" distribution of profit and losses based on how the portfolio behaved in the past. It does not use estimated variances and covariances and does not make any assumptions about the distribution of the portfolio returns. Results can be skewed by anomalous events of a previous period. A few major events in the past may dominate the simulation exercise, so your analysis is then based on fewer data points.

Page Used to Run VaR Analysis

Page Name	Object Name	Navigation	Usage
VaR Analysis	RSK_VAR_RUN_PNL	Risk Management, Analyze Risk, Analyze VaR	Run VaR analysis on your portfolios.

Running VaR Analysis

Access the VaR Analysis page.

Function Usage	Select a value. <i>Market Risk</i> is the default value.
Queue Inst (queue instance)	Enter a sequence number to determine processing order of the analysis.
VAR Method	Select <i>Analytic</i> , <i>Historical</i> , or <i>Monte Carlo</i> .

Portfolio	Select a portfolio for the VaR analysis.
VaR	Displays the results of your specified VaR calculation parameters.

Exporting Market Risk Files

Using the Risk File Export process (RSK_FILEEXP), you can export risk analysis data for a specified business unit and portfolio to a third party.

Page Used to Export Market Risk Files

Page Name	Object Name	Navigation	Usage
Export Market Risk File	TR_FOUR15_FILE_EXP	Risk Management, Analyze Risk, Export Market Risk File	Run the Risk File Export application engine process to export risk analysis files to a third party.

CHAPTER 5

Creating and Maintaining Hedges

This chapter provides an overview of hedge creation and maintenance and discusses how to:

- Create hedges.
- Maintain hedges.
- Set up hedge groups.
- Manage hedge groups.

Understanding Hedge Creation and Maintenance

This section discusses:

- Prerequisites.
- Common elements.
- The hedge lifecycle.

See Also

Chapter 3, “Introducing Hedge Analytics and FAS 133,” page 23

Prerequisites

Before you create and maintain hedges, you must:

1. Analyze cash position and settlements using PeopleSoft Cash Management.
2. From cash position and settlements information, identify investing or borrowing instruments using PeopleSoft Deal Management.
3. Calculate and analyze your risk based on the cash and deal information and decide if you must create a hedge.

See Also

Chapter 2, “Defining Risk Management Processing Options,” page 3

PeopleSoft Cash Management 8.8 PeopleBook, “Defining Cash Positions,” Managing Position Worksheets

PeopleSoft Deal Management 8.8 PeopleBook, “Capturing Deals and Trade Tickets”

Common Elements in This Chapter

Initial Fair Value Attributable to Hedged Risk and Fair Value	Displays the fair value (mark to market) of a treasury deal, or the fair value or cash flows of a hedged item.
Initial Fair Value Adjustment and Fair Value Adjustment	Displays the (cumulative) adjustment amount excluded from the calculation of the change in fair value of a deal or hedged item. This amount corresponds to amortized cost for investments and to ¶ 19 adjustments for a hedged item.
Use Zero	Select this check box to use zero value for calculation, instead of initial fair value amount.
Use Values	Select this check box to use entered values for calculation, instead of initial fair value amount.
New Value	Click to calculate the new value of the hedge per specified parameters.

The Hedge Lifecycle

Here's an overview of the entire hedge lifecycle:

- Create hedges, either importing information or creating hedges manually.
- Adjust and remove hedges using the Hedge Maintenance page.
- Process hedge Accumulated Other Comprehensive Income (AOCI) using the Process AOCI page.
- Create hedge groups and maintain hedge items and hedge groups.

See Also

Chapter 3, "Introducing Hedge Analytics and FAS 133," Understanding Hedge Analytics and the FAS 133 Hedge Accounting Feature, page 23

Creating Hedges

This section discuss how to:

- Automatically import hedge information.
- Enter hedge designation information.
- Enter hedging deal information.
- Enter deal accounting information.
- Enter hedged item information.
- Enter hedge transaction details.
- Enter item accounting information.

Pages Used to Create Hedges

Page Name	Object Name	Navigation	Usage
Other Hedgeable Items	HDG_EXPOSURE_PNL	Risk Management, Analyze Hedge, Other Hedgeable Items	You can import a database record from another PeopleSoft application or third-party system.
Hedge Designation	HDG_HEDGE	Risk Management, Analyze Hedge, Hedges, Hedge Designation	Capture descriptive information about your hedging purposes and strategies to meet disclosure requirements.
Hedging Deal	HDG_HEDGE_DEAL	Risk Management, Analyze Hedge, Hedges, Hedge Designation – Hedging Deal	Capture information about the deal you will use to protect the hedged exposure.
Deal Accounting	HDG_HEDGE_DEAL_AC	Risk Management, Analyze Hedge, Hedges, Hedge Designation – Deal Accounting	View the accounting associated with your hedging relationship.
Hedged Item	HDG_HEDGED_ITEM	Risk Management, Analyze Hedge, Hedges, Hedge Designation – Hedged Item	Set up the exposure that you will hedge.
Hedge Transaction Details	HDG_ITEM_FVRAL_DTL	Click the Details link on the Hedged Item page.	Capture higher resolution data about your hedge.
Item Accounting	HDG_HEDGED_ITEM_AC	Risk Management, Analyze Hedge, Hedges, Hedge Designation – Item Accounting	Set up accounting and effectiveness testing of your hedge

Automatically Importing Hedge Information

Access the Other Hedgeable Items page.

Other Hedgeable Items

Unit: US001 **Hedged Item ID:** NEXT **Status:** Active

***Description:** MOUNTBLANC **Risk Type:**

Details:

***Type:** Net Investment in a Foreign Op **Status:** Net Investment in a Foreign Op

Financial Type: Financial Item ☐ Foreign Currency Denominated

Period Start: 06/02/2003 **Period End:** 06/02/2004 ***Review Date:** 10/21/2003

Amount: 550000.00 **Currency:** BEF **Quantity:** 500.0000 **Unit of Measure:**

Other Hedgeable Items page

Select the type of item whose risk exposure you want to minimize, and select the status:

Type	Status	Conditions
<i>Forecasted Transaction</i>	<i>Firm Commitment or Asset / Liab (asset / liability)</i> <i>Forecasted Transaction</i> <i>No Longer Probable</i> <i>Probably Will Not Occur</i>	If the type is a <i>Forecasted Transaction</i> , enter earnings information in the available grid.
<i>Net Investment in a Foreign Op (net investment in a foreign operation)</i>	<i>Cancelled</i> <i>Net Investment in a Foreign Op</i>	
<i>Recognized Asset or Liability</i>	<i>Recognized Asset or Liability</i> <i>Sold or Bought or Written Off</i>	
<i>Unrecognized Firm Commitment</i>	<i>Cancelled</i> <i>Recognized Asset or Liability</i> <i>Unrecognized Firm Commitment</i>	

Note. Fields and available status values change depending on the value you select in the Type field.

Risk Type	Select a type of risk for the hedged item.
Financial Type	Select <i>Financial Item</i> or <i>Non-financial Item</i> . If the risk to be hedged is financial, enter its Amount and its currency (in the field next to the Amount field). If the risk is non-financial, enter its Quantity, and select the appropriate Unit of Measure.
Foreign Currency Denominated	Select if the hedge is in a foreign currency, and select the appropriate value in the CurrencyCurrency field.
Period Start and Period End	Select the active period start and end dates for the hedge.
Review Date	Select the final review date for the hedge.
Final Earnings Effect	Select to include the effect of the specified amount and percentage on hedge final earnings.

Entering Hedge Designation Information

Access the Hedge Designation page.

Hedge Designation	Hedging Deal	Deal Accounting	Hedged Item	Item Accounting	Hedge Maintenance
Unit:	US001	Hedge ID:	CASE5		
*Description:	MUMFORDINC			Active	
*Hedge Type:	FAS 133 Hedge	*FAS133 Type:	Fair Value Hedge		
*Risk Management Strategy:	FAIRVALUE				
Effective Assessment Methods				Risk Being Hedged	
Retrospective Evaluations:	Assume No Ineffectiveness	<input type="checkbox"/> Changes in Overall Fair Value <input checked="" type="checkbox"/> Interest Rate Risk <input type="checkbox"/> Foreign Exchange Risk <input type="checkbox"/> Credit Risk			
Prospective Considerations:	Assume No Ineffectiveness				
Ineffectiveness Method:	Assume No Ineffectiveness				
	<input checked="" type="checkbox"/> Shortcut Method for IRS Hedge				
*Risk Offset:	Symmetrical Offset				
*Inception Date:	01/01/2005	Entered By:	DVP1		
Discontinued Date:		Discontinued By:		<input type="button" value="Discontinue"/>	
Notes					

Hedge Designation page

Note. The page display changes depending on the value you select in the Hedge Type field.

Hedge Type

Designate a hedge as either an *Economic/Other Hedge*, a *FAS 133 Hedge*, or a *FAS 52 Hedge*. From the drop-down list box next to the right-hand Hedge Type field, you can further define your hedge using any of the following:

Cash Flow Hedge: Hedge of exposure to cash flow variability from a particular risk (§ 18(c)).

Fair Value: Hedge of exposure to changes in the fair value of an asset, liability, unrecognized firm commitment, or identified portion thereof from a particular risk (§ 18(b)).

FX Cash Flow: Hedge of exposure to cash flow variability from changes in foreign currency exchange rates (§ 18(d)(3)).

FX FV of Available for Sale Security: Hedge of the change in the fair value of an available-for-sale debt security (or a specific portion) from changes in foreign currency exchange rates.

You can hedge available-for-sale equity securities if changes in fair value come from changes in foreign currency under the following conditions. You have not traded the security on an exchange (or another established marketplace) where trades are denominated in your functional currency. Dividends, or other cash flows, to the security's holders are denominated in the same foreign currency that you expect to receive when you sell the security (§ 18(d)(3)).

FX FV of Firm Commitment: Hedge of a foreign currency exposure to variability in the functional-currency-equivalent cash flows from foreign-currency-denominated forecasted transactions and foreign-currency-denominated intercompany transactions (§ 18(d)(2)).

FX Hedge of Net Investment: Hedge of foreign currency exposure to your net investment in a foreign operation, which is viewed for accounting purposes, as a single asset versus several single individual assets and liabilities that make up a subsidiary's balance sheet (§ 18(d)(4)).

Risk Management Strategy Select descriptors of your various risk management strategies and practices (§ 44). It is up to you to determine a reasonable, shorthand description that parties outside your organization can correlate to your actual complex activities. It is a good idea to obtain validation from your company's auditors. To complete the disclosure requirements in § 44, PeopleSoft Risk Management provides a 1,000-character, free-form field so that you can capture context-sensitive issues underlying your hedging activities.

Effective Assessment Methods

Retrospective Evaluations, Prospective Considerations, and Ineffectiveness Method Effectiveness tests are means for an organization, its stakeholders, and external auditors to evaluate whether risk management strategies are on track, whether hedges are working or are likely to work as planned, and thus are within bounds for special accounting.

When you set up a transaction and its correspondent hedged deal, link the two and document them for FAS 133. You must also define and document tests of methodologies to assess hedge effectiveness. (§ 62.)

Effectiveness assessment methods are dictated by §§ 65 and 68-70. They are Retrospective Evaluations, Prospective Considerations, and Ineffectiveness Method. Select one of the following values for each of the fields:

Assume No Ineffectiveness: Select this value (§§ 65, 68-70) if you are using the Shortcut Method for IRS Hedge. FAS 133's § 68 permits the Shortcut Method for an IRS Hedge. You can use this method of effectiveness assessment only on interest rate swaps.

If you selected *Assume No Ineffectiveness* in the Ineffectiveness Assessment field, and the hedge is an interest-bearing financial instrument with an interest rate swap (§§ 68-70, 114, 132), then you can select the Shortcut Method for IRS Hedge check box to compute § 22(b) or § 30(b) amounts.

Correlation – Regression: This is a statistical correlation test between some attribute of the hedging deals compared to that attribute of the hedged items.

Cumulative Offset: Compares the cumulative changes in fair value of the hedging deal with the cumulative changes in fair value of the hedged item. In each period in which this comparison is made, the two amounts must match within a tolerance of 80 percent to 125 percent.

Note. In addition, when you perform the periodic assessment of effectiveness, you must do more than just run the Assessment reports or process (such as the Cumulative Offset report and the Regression test). You should also reassess your expectation that the hedge will continue to be highly effective. This would involve reexamining all appropriate factors, including those described in DIG issue G10.

Your accounting procedures must meet extensive criteria to qualify for the Shortcut Method, which is also known as Assuming No Ineffectiveness with an Interest Rate Swap. Refer directly to ¶ 68 of FAS 133 to ensure that your scenario qualifies for this accounting treatment of hedging.

Assume No Effectiveness does not imply that there will be no periodic assessment of effectiveness. According to DIG G9 - Cash Flow Hedges: Assuming No Ineffectiveness When Critical Terms of Hedging Instruments and Hedged Transaction Match in a Cash Flow Hedge, www.rutgers.edu/Accounting/raw/fasb/derivatives/issueg9.html, “An entity is still required to perform and document an assessment of hedge effectiveness at the inception of the hedging relationship and on an ongoing basis throughout the hedge period.”

Risk Offset

Select *Onesided Offset Against Gains*, *Onesided Offset Against Losses*, or *Symmetrical Offset*. ¶ 20(b) and ¶ 28(b) discuss how to assess effectiveness when the hedging instrument provides only a one-sided offset against changes of the hedged item (such as when an option is used).

Inception Date

Displays the current date until you save the page. You record the entity that is creating the hedged relationship—at the data entry level—using the logon user ID. PeopleSoft Workflow can also address your organization’s management authorization process, providing further audit trails.

Discontinued Date

Use to record the actual date that a hedged relationship terminates (¶s 25 and 32). The system completes this field as you dedesignate the hedge later in the hedging process. If you terminate a hedged relationship and you have sufficient reason to resume the same course with the exact variables, you must create a new hedge relationship. That is, you must create a hedge for accounting purposes that is different from the one that began and ended earlier. This requirement to create a new hedge can also apply to the maturity of a derivative contract.

Note. Once a hedged relationship terminates, it cannot be revived.

Risk Being Hedged

Per ¶ 21(a-f), you can hedge only the four risks listed:

Changes in Overall Fair Value	Select to hedge non-financial risks, such as commodities. Selecting this check box automatically clears any other hedged risk options selected.
Interest Rate Risk	Select to hedge risk of instability in interest rates.
Foreign Currency Exchange Risk	Select to hedge risk of fluctuation of foreign currency exchange rates.
Credit Risk	Select to hedge risk of credit variability.

Entering Hedging Deal Information

Access the Hedging Deal page.

Hedge Designation	Hedging Deal	Deal Accounting	Hedged Item	Item Accounting	Hedge Maintenance
Unit: US001 Hedge ID: CASE5					
Hedged Transaction Details Find View All First 1 of 1 Last					
*Sequence:		1 + -			
Deal Business Unit:		US001	Deal ID:	CASE5D	IRSWAP
*Proportion Designated as Hedge:		100.000 %			
Calculate Included Part With Analytics Mode:					
Assessing Hedge Effectiveness					
<input checked="" type="radio"/> Include All Gains or Losses <input type="radio"/> Exclude Time Value					
*Added to Hedge:		01/01/2005	Added By: DVP1		
Removed from Hedge:			Removed By: Remove		

Hedging Deal page

Sequence	Displays the default sequence number of 1. Per ¶ 18, you can have multiple deals designated as the hedging instrument. Enter the Deal Business Unit and Deal ID, which create the link to the protected deal.
Proportion Designated as Hedge	Given the difference in financial values that deals can have, use this field to define that only a certain percentage of the hedging deal actually be used for hedge purposes.

Note. FAS 133's ¶ 18 requires that you document that you will use only a portion or percentage of a deal for hedging purposes. It states that either all or a proportion of a derivative may be designated as the hedging instrument. The proportion must be expressed as a percentage of the entire derivative so that the profile of risk exposures in the hedging portion of the derivative is the same as that in the entire derivative. (Thus, an entity is prohibited from separating a compound derivative into any such component as the hedging instrument, except as permitted at the date of initial application by the transition provisions in ¶ 49.)

Assessing Hedge Effectiveness

Define aspects of how the hedge will be evaluated.

Include All Gains or Losses	Select to assess the effectiveness of all fair value changes (¶ 63).
Exclude Time Value	Select to calculate changes in fair value where effectiveness is evaluated on a cumulative basis.
Analytics Mode	Select third-party analytics to calculate the part of your hedge used to assess hedge effectiveness.
Added to Hedge	Displays the current date as the default, which becomes part of the audit trail when the page is saved. The operator's login user ID appears alongside the Added to Hedge field in the view-only By field.

Removed from Hedge

Enter the date the hedging relationship terminates, or the system will automatically enter the maturation date of the hedged deal as that date passes in time. (See ¶s 25 and 32.)

Entering Deal Accounting Information

Access the Deal Accounting page.

Hedge Designation	Hedging Deal	Deal Accounting	Hedged Item	Item Accounting	Hedge Maintenance
-------------------	--------------	------------------------	-------------	-----------------	-------------------

Unit: US001 **Hedge ID:** CASE5

Changes in Fair Value Find | View All First ◀ 1 of 1 ▶ Last

Sequence: 1
Initial Fair Value: **Currency:**

☒ Use Zero

As of Date:

☐ Use Values:

Fair Value:

Fair Value Adjustment:

Fair Value History		Customize Find View All		First ◀ 1 of 1 ▶ Last		
As of Date	Fair Value	Fair Value Included Component	Fair Value Adjustment	Proportion	Change in Fair Value	Change in Included Component

Deal Accounting page

Initial Fair Value

Enter the initial market to market value amount of the deal, which can be a positive or negative number.

Use Values

Select this check box to use specified values in the Fair Value and Fair Value Adjustment fields for calculation, instead of initial fair value amount.

Entering Hedged Item Information

Access the Hedged Item page.

The screenshot shows the 'Hedged Item' tab selected. At the top, there are tabs: Hedge Designation, Hedging Deal, Deal Accounting, Hedged Item, Item Accounting, and Hedge Maintenance. Below the tabs, the 'Unit' is US001 and 'Hedge ID' is CASE5. The 'Hedged Item Details' section includes a 'Find | View All' link, 'First', '1 of 1', and 'Last' navigation. The details include: *Sequence: 1, Hedged Item Source: Treasury Deal, and Financial Type: Financial Item. The 'Hedged Item / Transaction' section includes: *Portion: All, Deal Business Unit: US001, Deal ID: CASE5C, and FRN. It also has fields for *Added to Hedge: 01/01/2005, Added By: DVP1, and Removed from Hedge: (empty), Removed By: (empty). A 'Remove' button is located at the bottom right of the Hedged Item / Transaction section.

Hedged Item page

Hedged Item Source

Select *Treasury Deal* (a deal resident in the PeopleSoft system) or *Other Hedgeable Item* to indicate what you are hedging.

Financial Type

You can set up the hedged deal as a *Financial Item* or a *Nonfinancial Item*.

Note. The page changes depending on the financial type that you selected.

Hedged Item/Transaction**Portion**

Select what portion or percentage of your hedged item or transaction will be used in the hedging relationship:

All: Use the entire hedged item or transaction.

Embedded Option/Cap/Floor: Enables you to handle embedded derivatives that do not require separate accounting, for example if the deal can pass a portability test (§s 21(a) to 22(c)).

Percentage: Select to enable the Percentage field so that you can specify the exact percentage that you will use.

Residual Value in Lease: Available only for fair value hedges.

Selected Cash Flows: Available only for cash flow hedges.

Exposure Business Unit

Select the business unit for the exposure.

**Added to Hedge or
Removed from Hedge**

Enter the effective date for the fields.

Remove

Click if you are removing the item from the hedge.

Entering Hedged Transaction Details

Access the Hedged Transaction Details page.

You can capture hedge information and add the level of detail necessary for your internal monitoring of deals. For example, if you hedge commodities, you will have commodity values available from a PeopleSoft table, such as Crude Oil. The Hedged Transaction Details page enables you to record grades of crude oil, the regions they are from, or other distinguishing traits.

Available fields depend on the hedge type that you specify.

Hedge Type	Available Page Fields
<i>Cash Flow</i>	Expected to Occur Period Start, Expected to Occur Period End, Expected Cash Flows, Expected Currency Amount, and Quantity
<i>Foreign Exchange</i>	Exchange Period Start, Exchange Period End, Purchase, Sale, Fixed Price, or Face Value
<i>Fair Value</i>	Hedged Item End Date, AssetLiability, or Face Value

Note. In the context of FAS 133's language, the free-form text field enables you to explain your hedging with "sufficient specificity." This can include references to the Purchase Order numbers that you hedge or other details that your risk managers and auditors consider relevant for meeting the intent of FAS 133.

Entering Item Accounting Information

Access the Item Accounting page.

Hedge Designation	Hedging Deal	Deal Accounting	Hedged Item	Item Accounting	Hedge Maintenance
Unit: US001	Hedge ID: CASE5				
For Hedged Item Find View All First 1 of 1 Last					
Sequence: 1	Hedged Item Source: Treasury Deal		+ -		
<input type="checkbox"/> Amortize Carrying Amount Adj	Amortization Period Begin Date: <input type="text"/> <small>31</small>		End Date: <input type="text"/> <small>31</small>		
Changes in Fair Value Attributable to Hedged Risk					
Initial Fair Value Attributable to Hedged Risk:	Current FV Currency:		Calculate Mode:		
<input type="text" value="0.00"/>	<input type="text" value="USD"/>	<input checked="" type="checkbox"/> Use Zero	<input type="text"/> 🔍		
As of Date:	Fair Value:	Current FV Currency:	Fair Value Adjustment:		
<input type="text" value="New Value"/> <input type="text" value="10/21/2003"/> <small>31</small>	<input type="checkbox"/> Use Values: <input type="text" value="0.00"/>	<input type="text" value="USD"/>	<input type="text" value="0.00"/>		
Fair Value History Customize Find View All 1-4 of 4 Last					
As of Date	Fair Value	Fair Value Adjustment	Percentage	Change in Fair Value	
01/01/2007	70,000.00	0.00	100.000	20,000.00	
07/01/2006	50,000.00	10,000.00	100.000	0.00	
01/01/2006	40,000.00	0.00	100.000	140,000.00	
07/01/2005	-100,000.00	0.00	100.000	-100,000.00	

Item Accounting page

Note. Available fields depend on the FAS 133 hedge type that you selected on the Hedge Designation page.

Hedge Type	Page Fields	Description
<i>Cash Flow Hedges</i>	Initial Future Cash Flow Attributable to Hedged Risk	The fair value (mark to market) of a treasury deal, or the fair value or cash flows of a hedged item.
<i>Cash Flow Hedges</i>	Fair Value Adjustment	The (cumulative) adjustment amount excluded from the calculation of the change in fair value of a deal or hedged item. Corresponds to amortized cost for investments and to ₱ 19 adjustments for a hedged item.
<i>Fair Value</i>	Amortize Carrying Amount Adjustment	Select this check box if the adjustments of the carrying amount of the hedged item should be amortized to earnings (₱ 24).
<i>Fair Value</i>	Amortization Period Begin/End	Define date parameters for the amortization period calculation.

Maintaining Hedges

This section discuss how to:

- Remove and adjust hedges.
- Process hedge AOCI.

Pages Used to Maintain Hedges

Page Name	Object Name	Navigation	Usage
Hedge Maintenance	HDG_WRKFLW	Risk Management, Analyze Hedges, Hedges, Hedge Designation – Hedge Maintenance	Dedesignate the hedge relationship or remove the hedged deal from the hedge, or adjust AOCI.
AOCI AE Run Control	HDG_AOCI_RUN_CNTL	Risk Management, Analyze Hedges, Hedge AOCI Adjustment	Run the Adjust Hedge AOCI application engine process (HDG_AOCI_ADJ) to perform AOCI adjustments on your hedges.
Cumulative Offset Inquiry	HDG_CUM_OFST_INQRY	Risk Management, Analyze Hedges, Cumulative Offset Inquiry	Search and review cumulative offset information for specified hedges. Click Run to run an SQR that retrieves information from the hedge tables.

Removing and Adjusting Hedges

Access the Hedge Maintenance page.

AOCI is an account balance associated with the hedged transaction. It represents derivative (hedge deal) gains or losses that have been set aside from earnings and parked in the AOCI account instead. In essence, ¶ 30(b) says, "Set aside derivative gains or losses, but don't set aside too much." ¶ 30(b) addresses recognizing that you have set aside too much and puts the excess into an earnings account.

For Hedged Item

The fields available change, depending on the FAS 133 Hedge Type that you selected on the Hedge Designation page.

FAS 133 Hedge Type	Page Fields	Description
All hedge types.	Remove Hedged Item from Hedge	Remove hedged item from the hedge. By itself, making this selection does not terminate the hedge. Note. This check box appears for all hedge types.
Cash Flow Hedge FX Cash Flow Hedge	Reclassify AOCI	Select the Reclassify AOCI check box when reclassifying the adjusted other comprehensive income from cash flow hedges, and enter the Reclassify Amount. Or select the Will Not Occur AOCI Reclassify check box.
Cash Flow Hedge FX Cash Flow Hedge	Final Earnings Effect	Select to include the effect of the specified Amount and Percentage on hedge final earnings.
Cash Flow Hedge FX Cash Flow Hedge	Current AOCI Balance	Displays the current AOCI balance for the hedge.
FX FV of Available-for-Sale FX FV of Firm Commitment Fair Value Hedge	Amortize Carrying Amount Adj (amortize carrying amount adjustment)	Select this check box if the adjustments of the carrying amount of the hedged item should be amortized to earnings. (§ 24) Also enter the Amortization Period Begin Date and End Date.

Processing Hedge AOCI

Access the AOCI AE Run Control page.

Setting Up Hedge Groups

To define hedge groups, use the Hedge Group Definition component (HDG_COLLECTION_HDG).

This section discuss how to:

- Define hedge groups.
- Add to a hedge group definition.

Pages Used to Set Up Hedge Groups

Page Name	Object Name	Navigation	Usage
Hedge Group Definition	HDG_COLLCTN_HDG	Risk Management, Administer Risk, Define Hedge Groups	Set up hedge group definition.
Hedge Group Definition	HDG_COLL_FAV_A	Click the Add a Hedge Group button on the Hedge Group Definition page.	Search and add individual hedge items to a hedge group.

Defining Hedge Groups

Access the Hedge Group Definition page.

Add to Hedge Group Click to search and add individual hedge items to this hedge group. Your selected hedge items, added to the hedge group definition, appear in the Hedge Details group box.

Adding to a Hedge Group Definition

Access the Hedge Group Definition page.

Use the upper portion of the page to search for hedge items. All matching results appear in the lower portion of the page. Select a hedge item check box and click the Update button to add the hedge item to the hedge group.

Managing Hedge Groups

After creating hedge items and setting up hedge group definitions, you can aggregate them into collections and maintain them from a central location.

This section lists common elements and discuss how to:

- Manage your hedge groups.
- Update your hedge groups.
- Manage items in a hedge group.

Common Elements in This Section

Inception Date Displays the active date of the hedge item.

Retrospective Evaluations Displays the retrospective evaluation value for the hedge item.

Pages Used to Define and Manage Hedge Groups

Page Name	Object Name	Navigation	Usage
My Hedge Groups	HDG_COLLECTION_FAV	Risk Management, Administer Risk, My Hedge Groups	Aggregate and maintain your hedge groups from a central location.
Update My Hedge Groups	HDG_COLLCTN_FAV_A	Click the Update My Hedge Groups link on the My Hedge Groups page.	Add or clear hedge groups from the My Hedge Groups page.
Hedge Group Manager	HDG_COLLECTION_DTL	Risk Management, Analyze Hedge, Hedge Group Manager	Review and maintain hedge items for a selected hedge group.

Managing Your Hedge Groups

Access the My Hedge Groups page.

Update My Hedge Groups Use to add existing hedge groups (assigned to you) to this page.

Create a New Group Add a new hedge group on the Hedge Group Definition page.

Search for a Hedge Group Search for a hedge group using the Hedge Manager.

Updating Your Hedge Groups

Access the My Hedge Groups - Update page.

Update Select the check box of a hedge group and then click the Update button. The selected hedge group appears on the My Hedge Groups page. To clear a hedge group from the My Hedge Groups page, clear the respective check box and click Update.

Managing Items in a Hedge Group

Access the Hedge Manager page.

Hedge Group Access the Hedge Group Definition page for the specified hedge group.

Hedge IDs Navigate to data about a particular hedge item.

Add a Hedge Add another hedge item to this group.

CHAPTER 6

Managing Position Limits

This chapter provides an overview of position limits and exposure positions and discusses how to:

- Check position limits.
- Process limit notifications.
- Set respondents for limit notifications.
- Define limit notification exclusions.

Understanding Position Limits and Exposure Positions

This section discusses:

- Prerequisites.
- Positions limits and exposure positions.

Prerequisites

Before you can track and monitor your positions, you must define limit checking controls to manage your exposures on the Tree Manager - Position Limits page.

See Also

PeopleSoft Cash Management 8.8 PeopleBook, “Defining Cash Positions,” Defining Position Limits

Position Limits and Exposure Positions

PeopleSoft Risk Management works with your organization to manage the positions on the books and exposures related to them. PeopleSoft enables internal control procedures for checking position limits while providing you with a tool to define each person’s area of accountability regarding limit violation reviews. You can monitor your exposures, check your limits, and notify the appropriate person of limit violations.

In PeopleSoft Risk Management, an exposure is the amount of risk associated to a position from variables such as interest rates or currency exchange rates. Fluctuations in these rate types or in foreign markets can increase or decrease the amount of risk/exposure for a position. You can determine exposures from across the enterprise, and by establishing limits, you can link operational controls and risk management policies and procedures with day to day treasury operations.

PeopleSoft is flexible enough to manage any kind of exposure, including:

- Currency exposure.
- Interest-rate exposure.
- Counterparty risk.
- Country risk.
- Individual dealer positions.
- Specific instrument limits.
- Specific business unit limits.

Checking Position Limits

You can check position limits for specified trees and tree nodes on an ad hoc basis.

Page Used to Check Position Limits

Page Name	Object Name	Navigation	Usage
Ad-hoc Limit Check	POS_ADHOC_LIMITS	Risk Management, Position Limits, Check Position Limits, Ad-hoc Limit Check	Verify limits on an ad hoc basis.

Checking Position Limits

Access the Ad-hoc Limit Check page.

Check Limit	Select the setID, tree name, and (optionally) the tree node for which you want to process a limit check. Then click the Check Limit button. If you do not select a tree node, the entire tree is selected.
Tree Name	Displays the tree name specified in the Tree Name edit box.
Tree Node	Displays the tree node, if specified in the Tree Node edit box.
Utilization	Displays the amount of the position limit used.
Limit Min (limit minimum)	Displays the minimum amount for this position limit.
Limit Max (limit maximum)	Displays the maximum amount for this position limit.
Internal/External	Displays the internal or external genesis of the position limit. Management or the board of directors typically define internal limits and the counterparty designates external limits.

Processing Limit Notifications

You run the Limit Notification (TR_POS_NOTFY) to check if deals have exceed established limits. If so, the system sends emails or workflow worklist messages to defined users.

See Also

PeopleSoft Cash Management 8.8 PeopleBook, “Defining Cash Positions,” Defining Position Limits

PeopleSoft Deal Management 8.8 PeopleBook, “Delivered Workflows for PeopleSoft Deal Management”

Page Used to Process Limit Notifications

Page Name	Object Name	Navigation	Usage
Limit Notification	TR_AE_RUNCNTL	Risk Management, Position Limits, Limit Notification	Run the Limit Notification process to run position limit check processing requests.

Processing Limit Notifications

Access the Limit Notification page.

State Record

No Bind Variable Name or Value is necessary for the POS_NOTFY_AET state record. The Limit Notification process includes this information.

Setting Respondents for Limit Notifications

Indicate users who have responded to notifications regarding position limits.

Page Used to Set Respondents for Limit Notifications

Page Name	Object Name	Navigation	Usage
Review Limit Notification	POS_NOTIFY	Risk Management, Position Limits, Review Limit Notification	Specify users who have responded to limit notifications.

Setting Respondents for Limit Notifications

Access the Limit Notification page.

Responded

Select who has responded to limit notifications.

Defining Limit Notification Exclusions

You can exclude certain user IDs from receiving position limit notification.

Page Used to Define Limit Notification Exclusions

Page Name	Object Name	Navigation	Usage
Exclude From Limit Notify	POS_LMT_NFY_NOT	Risk Management, Position Limits, Exclude frm Limit Notification	For a specific tree and tree node, define who should not be notified regarding limits.

Defining Limit Notification Exclusions

Access the Exclude from Limit Notify page.

Select Do Not Notify for each role name that you do not want notified of issues with limits. Automatic Workflow notifications to that role name are then disabled.

See Also

PeopleSoft Cash Management 8.8 PeopleBook, “Defining Cash Management Processing Options,” Defining Business Unit Options

CHAPTER 7

Reevaluating Deals

This chapter provides an overview of reevaluating deals, provides the prerequisite tasks, and discusses how to:

- Process portfolio reevaluation.
- Process portfolio sensitivity.
- Process security mark to market.

Understanding Reevaluating Deals

Market factors create exposures for your PeopleSoft deal transactions. To evaluate the risks associated with these exposures requires the use of complex analytical models to value these deals and obtain analytic sensitivities used to analyze the deals. PeopleSoft Risk Management enables you to revalue positions periodically; ensuring you base the portfolio's value on current market rates or the price of the underlying.

Prerequisites

You must define analytic structures and analytic parameters, set up your third party vendor information, define function parameters, and specify file export parameters before you can start revaluing your positions.

Before you reevaluate deals, perform the following tasks:

1. Create deals.
2. Analyze and calculate risk.
3. Group deals and hedges into portfolios.

See Also

PeopleSoft Deal Management 8.8 PeopleBook, “Capturing Deals and Trade Tickets”

Chapter 4, “Analyzing Risk and Determining Hedges,” page 35

Chapter 5, “Creating and Maintaining Hedges,” page 43

Common Elements in this Chapter

Function Usage

Select from the following:

Delta: Describes an option premium's sensitivity to changes in the price of the underlying. It is the amount of the underlying necessary to hedge small changes in the option price for small movements in the underlying.

MTM (Mark to Market): Calculates the value of the financial instrument based on the current market price of the underlying.

MTM-A (Mark to Market Accounting): Calculates the clean value of the financial instrument based on the current market price of the underlying for accounting purposes. This value does not contain any accrued interest.

Analytics Mode

Limit the analysis by specifying an analytics mode from the available values. Available values are limited by your implementation configuration.

Portfolio

Select the portfolio to process.

Processing Portfolio Revaluation

Run the Mark to Market Batch application engine process (TR_PORT_MTM) on your portfolios to revalue and automatically update their current market value.

Pages Used to Process Portfolio Revaluation

Page Name	Object Name	Navigation	Usage
Portfolio Revaluation	TR_BATCH_MTM_PNL	Risk Management, Reevaluate Deals, Portfolio Revaluation	Run the Mark to Market Batch process to run analytic calculations on your portfolios and revalue their current market value.

Processing Portfolio Revaluation

Access the Portfolio Revaluation page.

Processing Portfolio Sensitivity

Run the Risk Sensitivity Analysis application engine process (TR_RSK_SENS) to view the effect of possible market scenarios (upturns or downturns) on the portfolio's holdings.

Prerequisites

You must define your scenario sets on the Market Risk Scenario Set page.

See Also

[Chapter 2, “Defining Risk Management Processing Options,” page 3](#)

Pages Used to Process Portfolio Sensitivity

Page Name	Object Name	Navigation	Usage
Portfolio and Sensitivity	TR_PORTSEN_MTM_PNL	Risk Management, Reevaluate Deals, Portfolio Sensitivity Analysis	Run your portfolio on a series of different market rates, tracking changes to portfolio value and viewing anticipated changes proactively.

Processing Portfolio Sensitivity

Access the Portfolio and Sensitivity page.

Scenario Set Name Set of conditions for a possible scenario that you define on the Market Risk Scenario Set page.

Processing Security Mark to Market

The Securities process provides a table (Security Mark Value) for the security in which current market prices can be stored. The Security Mark to Market application engine process (TR_SEC_MTM) uses these stored prices to calculate the current market value as of a certain date (for example, January 31, February 28). A corresponding book value is also calculated where appropriate. The new book value calculations incorporates any unamortized fee amounts associated with the deal. These calculations and their storage provide for an accurate unrealized gain/loss calculation in the automated accounting process. The existing MTM Gain/Loss (09) calculation type is used to determine the Unrealized Gain/Loss.

Prerequisites

You must create securities.

See Also

PeopleSoft Deal Management 8.8 PeopleBook, “Creating Securities,” Processing Security Mark to Market

Pages Used to Process Security Mark to Market

Page Name	Object Name	Navigation	Usage
Security Mark to Market	TR_SEC_MTM_RUNCNTL	Risk Management, Reevaluate Deals, Security Mark to Market	Update the current market value and book value of an instrument.

Processing Security Mark to Market

Access the Security Mark to Market page.

APPENDIX A

Risk Management - Configuring Batch Processes

This appendix discusses how to configure temporary tables for batch processing.

Configuring Temporary Tables for Batch Processing

When you run batch processes in parallel, you risk data contention and deadlocks on temporary tables. To avoid this, PeopleTools enables you to dedicate specific instances of temporary tables for each process. When PeopleSoft application engine manages a dedicated temporary table instance, it controls the locking of the table before use and the unlocking of the table after use.

When you decide how many temporary table instances to dedicate for a process, consider the number of temporary tables that the process uses. More instances result in more copies of the temporary tables on the system. For example, if a process uses 25 temporary tables and you have 10 instances for a process, you will have 250 temporary tables on the system.

If you run processes in parallel and all of the dedicated temporary table instances are in use, the performance of the process decreases. You need to find a balance that works for your organization.

Note. When you specify the number of instances, PeopleSoft Application Designer displays a list of the temporary tables for the process. Use the list to determine how many temporary tables each process uses.

Specify how many temporary table instances to dedicate for the following batch process that can run in parallel in PeopleSoft Risk Management: Adjust Hedge AOCI {Accumulated Other Comprehensive Income (HDG_AOCI_ADJ)}.

The PeopleTools documentation discusses the usage of temporary tables in detail and describes how to specify the number of instances.

If you run any of the PeopleSoft General Ledger COBOL processes, also configure the temporary tables for those processes. The *PeopleSoft General Ledger PeopleBook* discusses how to do this in detail.

See Also

PeopleSoft General Ledger 8.8 PeopleBook, “Optimizing General Ledger Performance”

PeopleTools PeopleBook: PeopleSoft Application Engine

APPENDIX B

PeopleSoft Risk Management Reports

This appendix provides an overview of PeopleSoft Risk Management reports and enables you to view a summary table of all reports.

Note. For samples of these reports, see the Portable Document Format (PDF) fields that are published on CD-ROM with your documentation.

See Also

PeopleTools PeopleBook: PeopleSoft Process Scheduler

PeopleSoft Risk Management Reports: A to Z

This table lists the PeopleSoft Risk Management reports, sorted alphanumerically by report ID. The reports listed are all Crystal reports. If you need more information about a report, click the link to navigate to information about the process where the report is used.

Report ID and Report Name	Description	Navigation	Run Control Page
TRC3015 Mark to Market	Lists market information for transactions between two dates for a specified business unit and for all defined currencies of the business unit. (Crystal) <u>See Chapter 7, "Reevaluating Deals," Processing Security Mark to Market, page 66.</u>	Risk Management, Reports, Mark to Market	RUN_TRC3015

Glossary of PeopleSoft Terms

absence entitlement	This element defines rules for granting paid time off for valid absences, such as sick time, vacation, and maternity leave. An absence entitlement element defines the entitlement amount, frequency, and entitlement period.
absence take	This element defines the conditions that must be met before a payee is entitled to take paid time off.
accounting class	In PeopleSoft Enterprise Performance Management, the accounting class defines how a resource is treated for generally accepted accounting practices. The Inventory class indicates whether a resource becomes part of a balance sheet account, such as inventory or fixed assets, while the Non-inventory class indicates that the resource is treated as an expense of the period during which it occurs.
accounting date	The accounting date indicates when a transaction is recognized, as opposed to the date the transaction actually occurred. The accounting date and transaction date can be the same. The accounting date determines the period in the general ledger to which the transaction is to be posted. You can only select an accounting date that falls within an open period in the ledger to which you are posting. The accounting date for an item is normally the invoice date.
accounting split	The accounting split method indicates how expenses are allocated or divided among one or more sets of accounting ChartFields.
accumulator	You use an accumulator to store cumulative values of defined items as they are processed. You can accumulate a single value over time or multiple values over time. For example, an accumulator could consist of all voluntary deductions, or all company deductions, enabling you to accumulate amounts. It allows total flexibility for time periods and values accumulated.
action reason	The reason an employee's job or employment information is updated. The action reason is entered in two parts: a personnel action, such as a promotion, termination, or change from one pay group to another—and a reason for that action. Action reasons are used by PeopleSoft Human Resources, PeopleSoft Benefits Administration, PeopleSoft Stock Administration, and the COBRA Administration feature of the Base Benefits business process.
action template	In PeopleSoft Receivables, outlines a set of escalating actions that the system or user performs based on the period of time that a customer or item has been in an action plan for a specific condition.
activity	<p>In PeopleSoft Enterprise Learning Management, an instance of a catalog item (sometimes called a class) that is available for enrollment. The activity defines such things as the costs that are associated with the offering, enrollment limits and deadlines, and waitlisting capacities.</p> <p>In PeopleSoft Enterprise Performance Management, the work of an organization and the aggregation of actions that are used for activity-based costing.</p> <p>In PeopleSoft Project Costing, the unit of work that provides a further breakdown of projects—usually into specific tasks.</p> <p>In PeopleSoft Workflow, a specific transaction that you might need to perform in a business process. Because it consists of the steps that are used to perform a transaction, it is also known as a step map.</p>

agreement	In PeopleSoft eSettlements, provides a way to group and specify processing options, such as payment terms, pay from a bank, and notifications by a buyer and supplier location combination.
allocation rule	In PeopleSoft Enterprise Incentive Management, an expression within compensation plans that enables the system to assign transactions to nodes and participants. During transaction allocation, the allocation engine traverses the compensation structure from the current node to the root node, checking each node for plans that contain allocation rules.
alternate account	A feature in PeopleSoft General Ledger that enables you to create a statutory chart of accounts and enter statutory account transactions at the detail transaction level, as required for recording and reporting by some national governments.
AR specialist	Abbreviation for <i>receivables specialist</i> . In PeopleSoft Receivables, an individual in who tracks and resolves deductions and disputed items.
arbitration plan	In PeopleSoft Enterprise Pricer, defines how price rules are to be applied to the base price when the transaction is priced.
assessment rule	In PeopleSoft Receivables, a user-defined rule that the system uses to evaluate the condition of a customer's account or of individual items to determine whether to generate a follow-up action.
asset class	An asset group used for reporting purposes. It can be used in conjunction with the asset category to refine asset classification.
attribute/value pair	In PeopleSoft Directory Interface, relates the data that makes up an entry in the directory information tree.
authentication server	A server that is set up to verify users of the system.
base time period	In PeopleSoft Business Planning, the lowest level time period in a calendar.
benchmark job	In PeopleSoft Workforce Analytics, a benchmark job is a job code for which there is corresponding salary survey data from published, third-party sources.
book	In PeopleSoft Asset Management, used for storing financial and tax information, such as costs, depreciation attributes, and retirement information on assets.
branch	A tree node that rolls up to nodes above it in the hierarchy, as defined in PeopleSoft Tree Manager.
budgetary account only	An account used by the system only and not by users; this type of account does not accept transactions. You can only budget with this account. Formerly called "system-maintained account."
budget check	In commitment control, the processing of source transactions against control budget ledgers, to see if they pass, fail, or pass with a warning.
budget control	In commitment control, budget control ensures that commitments and expenditures don't exceed budgets. It enables you to track transactions against corresponding budgets and terminate a document's cycle if the defined budget conditions are not met. For example, you can prevent a purchase order from being dispatched to a vendor if there are insufficient funds in the related budget to support it.
budget period	The interval of time (such as 12 months or 4 quarters) into which a period is divided for budgetary and reporting purposes. The ChartField allows maximum flexibility to define operational accounting time periods without restriction to only one calendar.
business event	In PeopleSoft Receivables, defines the processing characteristics for the Receivable Update process for a draft activity.

	In PeopleSoft Sales Incentive Management, an original business transaction or activity that may justify the creation of a PeopleSoft Enterprise Incentive Management event (a sale, for example).
business unit	A corporation or a subset of a corporation that is independent with regard to one or more operational or accounting functions.
buyer	In PeopleSoft eSettlements, an organization (or business unit, as opposed to an individual) that transacts with suppliers (vendors) within the system. A buyer creates payments for purchases that are made in the system.
catalog item	In PeopleSoft Enterprise Learning Management, a specific topic that a learner can study and have tracked. For example, "Introduction to Microsoft Word." A catalog item contains general information about the topic and includes a course code, description, categorization, keywords, and delivery methods. A catalog item can have one or more learning activities.
catalog map	In PeopleSoft Catalog Management, translates values from the catalog source data to the format of the company's catalog.
catalog partner	In PeopleSoft Catalog Management, shares responsibility with the enterprise catalog manager for maintaining catalog content.
categorization	Associates partner offerings with catalog offerings and groups them into enterprise catalog categories.
channel	In PeopleSoft MultiChannel Framework, email, chat, voice (computer telephone integration [CTI]), or a generic event.
ChartField	A field that stores a chart of accounts, resources, and so on, depending on the PeopleSoft application. ChartField values represent individual account numbers, department codes, and so forth.
ChartField balancing	You can require specific ChartFields to match up (balance) on the debit and the credit side of a transaction.
ChartField combination edit	The process of editing journal lines for valid ChartField combinations based on user-defined rules.
ChartKey	One or more fields that uniquely identify each row in a table. Some tables contain only one field as the key, while others require a combination.
checkbook	In PeopleSoft Promotions Management, enables you to view financial data (such as planned, incurred, and actual amounts) that is related to funds and trade promotions.
Class ChartField	A ChartField value that identifies a unique appropriation budget key when you combine it with a fund, department ID, and program code, as well as a budget period. Formerly called <i>sub-classification</i> .
clone	In PeopleCode, to make a unique copy. In contrast, to <i>copy</i> may mean making a new reference to an object, so if the underlying object is changed, both the copy and the original change.
collection	To make a set of documents available for searching in Verity, you must first create at least one collection. A collection is set of directories and files that allow search application users to use the Verity search engine to quickly find and display source documents that match search criteria. A collection is a set of statistics and pointers to the source documents, stored in a proprietary format on a file server. Because a collection can only store information for a single location, PeopleSoft maintains a set of collections (one per language code) for each search index object.

collection rule	In PeopleSoft Receivables, a user-defined rule that defines actions to take for a customer based on both the amount and the number of days past due for outstanding balances.
compensation object	In PeopleSoft Enterprise Incentive Management, a node within a compensation structure. Compensation objects are the building blocks that make up a compensation structure's hierarchical representation.
compensation structure	In PeopleSoft Enterprise Incentive Management, a hierarchical relationship of compensation objects that represents the compensation-related relationship between the objects.
condition	In PeopleSoft Receivables, occurs when there is a change of status for a customer's account, such as reaching a credit limit or exceeding a user-defined balance due.
configuration parameter catalog	Used to configure an external system with PeopleSoft. For example, a configuration parameter catalog might set up configuration and communication parameters for an external server.
configuration plan	In PeopleSoft Enterprise Incentive Management, configuration plans hold allocation information for common variables (not incentive rules) and are attached to a node without a participant. Configuration plans are not processed by transactions.
content reference	Content references are pointers to content registered in the portal registry. These are typically either URLs or iScripts. Content references fall into three categories: target content, templates, and template pagelets.
context	<p>In PeopleCode, determines which buffer fields can be contextually referenced and which is the current row of data on each scroll level when a PeopleCode program is running.</p> <p>In PeopleSoft Enterprise Incentive Management, a mechanism that is used to determine the scope of a processing run. PeopleSoft Enterprise Incentive Management uses three types of context: plan, period, and run-level.</p>
control table	Stores information that controls the processing of an application. This type of processing might be consistent throughout an organization, or it might be used only by portions of the organization for more limited sharing of data.
cost profile	A combination of a receipt cost method, a cost flow, and a deplete cost method. A profile is associated with a cost book and determines how items in that book are valued, as well as how the material movement of the item is valued for the book.
cost row	A cost transaction and amount for a set of ChartFields.
current learning	In PeopleSoft Enterprise Learning Management, a self-service repository for all of a learner's in-progress learning activities and programs.
data acquisition	In PeopleSoft Enterprise Incentive Management, the process during which raw business transactions are acquired from external source systems and fed into the operational data store (ODS).
data elements	<p>Data elements, at their simplest level, define a subset of data and the rules by which to group them.</p> <p>For Workforce Analytics, data elements are rules that tell the system what measures to retrieve about your workforce groups.</p>
dataset	A data grouping that enables role-based filtering and distribution of data. You can limit the range and quantity of data that is displayed for a user by associating dataset rules with user roles. The result of dataset rules is a set of data that is appropriate for the user's roles.

delivery method	<p>In PeopleSoft Enterprise Learning Management, identifies the primary type of delivery method in which a particular learning activity is offered. Also provides default values for the learning activity, such as cost and language. This is primarily used to help learners search the catalog for the type of delivery from which they learn best. Because PeopleSoft Enterprise Learning Management is a blended learning system, it does not enforce the delivery method.</p> <p>In PeopleSoft Supply Chain Management, identifies the method by which goods are shipped to their destinations (such as truck, air, rail, and so on). The delivery method is specified when creating shipment schedules.</p>
delivery method type	In PeopleSoft Enterprise Learning Management, identifies how learning activities can be delivered—for example, through online learning, classroom instruction, seminars, books, and so forth—in an organization. The type determines whether the delivery method includes scheduled components.
directory information tree	In PeopleSoft Directory Interface, the representation of a directory's hierarchical structure.
document sequencing	A flexible method that sequentially numbers the financial transactions (for example, bills, purchase orders, invoices, and payments) in the system for statutory reporting and for tracking commercial transaction activity.
dynamic detail tree	A tree that takes its detail values—dynamic details—directly from a table in the database, rather than from a range of values that are entered by the user.
edit table	A table in the database that has its own record definition, such as the Department table. As fields are entered into a PeopleSoft application, they can be validated against an edit table to ensure data integrity throughout the system.
effective date	A method of dating information in PeopleSoft applications. You can predate information to add historical data to your system, or postdate information in order to enter it before it actually goes into effect. By using effective dates, you don't delete values; you enter a new value with a current effective date.
EIM ledger	Abbreviation for <i>Enterprise Incentive Management ledger</i> . In PeopleSoft Enterprise Incentive Management, an object to handle incremental result gathering within the scope of a participant. The ledger captures a result set with all of the appropriate traces to the data origin and to the processing steps of which it is a result.
elimination set	In PeopleSoft General Ledger, a related group of intercompany accounts that is processed during consolidations.
entry event	In PeopleSoft General Ledger, Receivables, Payables, Purchasing, and Billing, a business process that generates multiple debits and credits resulting from single transactions to produce standard, supplemental accounting entries.
equitization	In PeopleSoft General Ledger, a business process that enables parent companies to calculate the net income of subsidiaries on a monthly basis and adjust that amount to increase the investment amount and equity income amount before performing consolidations.
event	<p>A predefined point either in the Component Processor flow or in the program flow. As each point is encountered, the event activates each component, triggering any PeopleCode program that is associated with that component and that event. Examples of events are FieldChange, SavePreChange, and RowDelete.</p> <p>In PeopleSoft Human Resources, also refers to an incident that affects benefits eligibility.</p>
event propagation process	In PeopleSoft Sales Incentive Management, a process that determines, through logic, the propagation of an original PeopleSoft Enterprise Incentive Management event and creates a derivative (duplicate) of the original event to be processed by other objects.

	Sales Incentive Management uses this mechanism to implement splits, roll-ups, and so on. Event propagation determines who receives the credit.
exception	In PeopleSoft Receivables, an item that either is a deduction or is in dispute.
exclusive pricing	In PeopleSoft Order Management, a type of arbitration plan that is associated with a price rule. Exclusive pricing is used to price sales order transactions.
fact	In PeopleSoft applications, facts are numeric data values from fields from a source database as well as an analytic application. A fact can be anything you want to measure your business by, for example, revenue, actual, budget data, or sales numbers. A fact is stored on a fact table.
forecast item	A logical entity with a unique set of descriptive demand and forecast data that is used as the basis to forecast demand. You create forecast items for a wide range of uses, but they ultimately represent things that you buy, sell, or use in your organization and for which you require a predictable usage.
fund	In PeopleSoft Promotions Management, a budget that can be used to fund promotional activity. There are four funding methods: top down, fixed accrual, rolling accrual, and zero-based accrual.
generic process type	In PeopleSoft Process Scheduler, process types are identified by a generic process type. For example, the generic process type SQR includes all SQR process types, such as SQR process and SQR report.
group	In PeopleSoft Billing and Receivables, a posting entity that comprises one or more transactions (items, deposits, payments, transfers, matches, or write-offs). In PeopleSoft Human Resources Management and Supply Chain Management, any set of records that are associated under a single name or variable to run calculations in PeopleSoft business processes. In PeopleSoft Time and Labor, for example, employees are placed in groups for time reporting purposes.
incentive object	In PeopleSoft Enterprise Incentive Management, the incentive-related objects that define and support the PeopleSoft Enterprise Incentive Management calculation process and results, such as plan templates, plans, results data, user interaction objects, and so on.
incentive rule	In PeopleSoft Sales Incentive Management, the commands that act on transactions and turn them into compensation. A rule is one part in the process of turning a transaction into compensation.
incur	In PeopleSoft Promotions Management, to become liable for a promotional payment. In other words, you owe that amount to a customer for promotional activities.
item	In PeopleSoft Inventory, a tangible commodity that is stored in a business unit (shipped from a warehouse). In PeopleSoft Demand Planning, Inventory Policy Planning, and Supply Planning, a noninventory item that is designated as being used for planning purposes only. It can represent a family or group of inventory items. It can have a planning bill of material (BOM) or planning routing, and it can exist as a component on a planning BOM. A planning item cannot be specified on a production or engineering BOM or routing, and it cannot be used as a component in a production. The quantity on hand will never be maintained.
	In PeopleSoft Receivables, an individual receivable. An item can be an invoice, a credit memo, a debit memo, a write-off, or an adjustment.
KPI	An abbreviation for <i>key performance indicator</i> . A high-level measurement of how well an organization is doing in achieving critical success factors. This defines the data value or calculation upon which an assessment is determined.

LDIF file	Abbreviation for <i>Lightweight Directory Access Protocol (LDAP) Data Interchange Format file</i> . Contains discrepancies between PeopleSoft data and directory data.
learner group	In PeopleSoft Enterprise Learning Management, a group of learners who are linked to the same learning environment. Members of the learner group can share the same attributes, such as the same department or job code. Learner groups are used to control access to and enrollment in learning activities and programs. They are also used to perform group enrollments and mass enrollments in the back office.
learning components	In PeopleSoft Enterprise Learning Management, the foundational building blocks of learning activities. PeopleSoft Enterprise Learning Management supports six basic types of learning components: web-based, session, webcast, test, survey, and assignment. One or more of these learning component types compose a single learning activity.
learning environment	In PeopleSoft Enterprise Learning Management, identifies a set of categories and catalog items that can be made available to learner groups. Also defines the default values that are assigned to the learning activities and programs that are created within a particular learning environment. Learning environments provide a way to partition the catalog so that learners see only those items that are relevant to them.
learning history	In PeopleSoft Enterprise Learning Management, a self-service repository for all of a learner's completed learning activities and programs.
ledger mapping	You use ledger mapping to relate expense data from general ledger accounts to resource objects. Multiple ledger line items can be mapped to one or more resource IDs. You can also use ledger mapping to map dollar amounts (referred to as <i>rates</i>) to business units. You can map the amounts in two different ways: an actual amount that represents actual costs of the accounting period, or a budgeted amount that can be used to calculate the capacity rates as well as budgeted model results. In PeopleSoft Enterprise Warehouse, you can map general ledger accounts to the EW Ledger table.
library section	In PeopleSoft Enterprise Incentive Management, a section that is defined in a plan (or template) and that is available for other plans to share. Changes to a library section are reflected in all plans that use it.
linked section	In PeopleSoft Enterprise Incentive Management, a section that is defined in a plan template but appears in a plan. Changes to linked sections propagate to plans using that section.
linked variable	In PeopleSoft Enterprise Incentive Management, a variable that is defined and maintained in a plan template and that also appears in a plan. Changes to linked variables propagate to plans using that variable.
load	In PeopleSoft Inventory, identifies a group of goods that are shipped together. Load management is a feature of PeopleSoft Inventory that is used to track the weight, the volume, and the destination of a shipment.
local functionality	In PeopleSoft HRMS, the set of information that is available for a specific country. You can access this information when you click the appropriate country flag in the global window, or when you access it by a local country menu.
location	Locations enable you to indicate the different types of addresses—for a company, for example, one address to receive bills, another for shipping, a third for postal deliveries, and a separate street address. Each address has a different location number. The primary location—indicated by a <i>1</i> —is the address you use most often and may be different from the main address.
logistical task	In PeopleSoft Services Procurement, an administrative task that is related to hiring a service provider. Logistical tasks are linked to the service type on the work order so that different types of services can have different logistical tasks. Logistical tasks include both preapproval tasks (such as assigning a new badge or ordering a new

	laptop) and postapproval tasks (such as scheduling orientation or setting up the service provider email). The logistical tasks can be mandatory or optional. Mandatory preapproval tasks must be completed before the work order is approved. Mandatory postapproval tasks, on the other hand, must be completed before a work order is released to a service provider.
market template	In PeopleSoft Enterprise Incentive Management, additional functionality that is specific to a given market or industry and is built on top of a product category.
match group	In PeopleSoft Receivables, a group of receivables items and matching offset items. The system creates match groups by using user-defined matching criteria for selected field values.
MCF server	Abbreviation for <i>PeopleSoft MultiChannel Framework server</i> . Comprises the universal queue server and the MCF log server. Both processes are started when <i>MCF Servers</i> is selected in an application server domain configuration.
merchandising activity	In PeopleSoft Promotions Management, a specific discount type that is associated with a trade promotion (such as off-invoice, billback or rebate, or lump-sum payment) that defines the performance that is required to receive the discount. In the industry, you may know this as an offer, a discount, a merchandising event, an event, or a tactic.
meta-SQL	Meta-SQL constructs expand into platform-specific Structured Query Language (SQL) substrings. They are used in functions that pass SQL strings, such as in SQL objects, the SQLExec function, and PeopleSoft Application Engine programs.
metastring	Metastings are special expressions included in SQL string literals. The metastings, prefixed with a percent (%) symbol, are included directly in the string literals. They expand at run time into an appropriate substring for the current database platform.
multibook	In PeopleSoft General Ledger, multiple ledgers having multiple-base currencies that are defined for a business unit, with the option to post a single transaction to all base currencies (all ledgers) or to only one of those base currencies (ledgers).
multicurrency	The ability to process transactions in a currency other than the business unit's base currency.
national allowance	In PeopleSoft Promotions Management, a promotion at the corporate level that is funded by nondiscretionary dollars. In the industry, you may know this as a national promotion, a corporate promotion, or a corporate discount.
node-oriented tree	A tree that is based on a detail structure, but the detail values are not used.
pagelet	Each block of content on the home page is called a pagelet. These pagelets display summary information within a small rectangular area on the page. The pagelet provide users with a snapshot of their most relevant PeopleSoft and non-PeopleSoft content.
participant	In PeopleSoft Enterprise Incentive Management, participants are recipients of the incentive compensation calculation process.
participant object	Each participant object may be related to one or more compensation objects. See also <i>compensation object</i> .
partner	A company that supplies products or services that are resold or purchased by the enterprise.
pay cycle	In PeopleSoft Payables, a set of rules that define the criteria by which it should select scheduled payments for payment creation.
pending item	In PeopleSoft Receivables, an individual receivable (such as an invoice, a credit memo, or a write-off) that has been entered in or created by the system, but hasn't been posted.

PeopleCode	PeopleCode is a proprietary language, executed by the PeopleSoft application processor. PeopleCode generates results based upon existing data or user actions. By using business interlink objects, external services are available to all PeopleSoft applications wherever PeopleCode can be executed.
PeopleCode event	An action that a user takes upon an object, usually a record field, that is referenced within a PeopleSoft page.
PeopleSoft Internet Architecture	The fundamental architecture on which PeopleSoft 8 applications are constructed, consisting of a relational database management system (RDBMS), an application server, a web server, and a browser.
performance measurement	In PeopleSoft Enterprise Incentive Management, a variable used to store data (similar to an aggregator, but without a predefined formula) within the scope of an incentive plan. Performance measures are associated with a plan calendar, territory, and participant. Performance measurements are used for quota calculation and reporting.
period context	In PeopleSoft Enterprise Incentive Management, because a participant typically uses the same compensation plan for multiple periods, the period context associates a plan context with a specific calendar period and fiscal year. The period context references the associated plan context, thus forming a chain. Each plan context has a corresponding set of period contexts.
plan	In PeopleSoft Sales Incentive Management, a collection of allocation rules, variables, steps, sections, and incentive rules that instruct the PeopleSoft Enterprise Incentive Management engine in how to process transactions.
plan context	In PeopleSoft Enterprise Incentive Management, correlates a participant with the compensation plan and node to which the participant is assigned, enabling the PeopleSoft Enterprise Incentive Management system to find anything that is associated with the node and that is required to perform compensation processing. Each participant, node, and plan combination represents a unique plan context—if three participants are on a compensation structure, each has a different plan context. Configuration plans are identified by plan contexts and are associated with the participants that refer to them.
plan template	In PeopleSoft Enterprise Incentive Management, the base from which a plan is created. A plan template contains common sections and variables that are inherited by all plans that are created from the template. A template may contain steps and sections that are not visible in the plan definition.
planned learning	In PeopleSoft Enterprise Learning Management, a self-service repository for all of a learner's planned learning activities and programs.
planning instance	In PeopleSoft Supply Planning, a set of data (business units, items, supplies, and demands) constituting the inputs and outputs of a supply plan.
portal registry	In PeopleSoft applications, the portal registry is a tree-like structure in which content references are organized, classified, and registered. It is a central repository that defines both the structure and content of a portal through a hierarchical, tree-like structure of folders useful for organizing and securing content references.
price list	In PeopleSoft Enterprise Pricer, enables you to select products and conditions for which the price list applies to a transaction. During a transaction, the system either determines the product price based on the predefined search hierarchy for the transaction or uses the product's lowest price on any associated, active price lists. This price is used as the basis for any further discounts and surcharges.
price rule	In PeopleSoft Enterprise Pricer, defines the conditions that must be met for adjustments to be applied to the base price. Multiple rules can apply when conditions of each rule are met.

price rule condition	In PeopleSoft Enterprise Pricer, selects the price-by fields, the values for the price-by fields, and the operator that determines how the price-by fields are related to the transaction.
price rule key	In PeopleSoft Enterprise Pricer, defines the fields that are available to define price rule conditions (which are used to match a transaction) on the price rule.
process category	In PeopleSoft Process Scheduler, processes that are grouped for server load balancing and prioritization.
process group	In PeopleSoft Financials, a group of application processes (performed in a defined order) that users can initiate in real time, directly from a transaction entry page.
process definition	Process definitions define each run request.
process instance	A unique number that identifies each process request. This value is automatically incremented and assigned to each requested process when the process is submitted to run.
process job	You can link process definitions into a job request and process each request serially or in parallel. You can also initiate subsequent processes based on the return code from each prior request.
process request	A single run request, such as a Structured Query Report (SQR), a COBOL or Application Engine program, or a Crystal report that you run through PeopleSoft Process Scheduler.
process run control	A PeopleTools variable used to retain PeopleSoft Process Scheduler values needed at runtime for all requests that reference a run control ID. Do not confuse these with application run controls, which may be defined with the same run control ID, but only contain information specific to a given application process request.
product category	In PeopleSoft Enterprise Incentive Management, indicates an application in the Enterprise Incentive Management suite of products. Each transaction in the PeopleSoft Enterprise Incentive Management system is associated with a product category.
programs	In PeopleSoft Enterprise Learning Management, a high-level grouping that guides the learner along a specific learning path through sections of catalog items. PeopleSoft Enterprise Learning Systems provides two types of programs—curricula and certifications.
progress log	In PeopleSoft Services Procurement, tracks deliverable-based projects. This is similar to the time sheet in function and process. The service provider contact uses the progress log to record and submit progress on deliverables. The progress can be logged by the activity that is performed, by the percentage of work that is completed, or by the completion of milestone activities that are defined for the project.
project transaction	In PeopleSoft Project Costing, an individual transaction line that represents a cost, time, budget, or other transaction row.
promotion	In PeopleSoft Promotions Management, a trade promotion, which is typically funded from trade dollars and used by consumer products manufacturers to increase sales volume.
publishing	In PeopleSoft Enterprise Incentive Management, a stage in processing that makes incentive-related results available to participants.
record group	A set of logically and functionally related control tables and views. Record groups help enable TableSet sharing, which eliminates redundant data entry. Record groups ensure that TableSet sharing is applied consistently across all related tables and views.
record input VAT flag	Abbreviation for <i>record input value-added tax flag</i> . Within PeopleSoft Purchasing, Payables, and General Ledger, this flag indicates that you are recording input VAT

	<p>on the transaction. This flag, in conjunction with the record output VAT flag, is used to determine the accounting entries created for a transaction and to determine how a transaction is reported on the VAT return. For all cases within Purchasing and Payables where VAT information is tracked on a transaction, this flag is set to Yes. This flag is not used in PeopleSoft Order Management, Billing, or Receivables, where it is assumed that you are always recording only output VAT, or in PeopleSoft Expenses, where it is assumed that you are always recording only input VAT.</p>
record output VAT flag	<p>Abbreviation for <i>record output value-added tax flag</i>.</p> <p>See <i>record input VAT flag</i>.</p>
reference data	In PeopleSoft Sales Incentive Management, system objects that represent the sales organization, such as territories, participants, products, customers, channels, and so on.
reference object	In PeopleSoft Enterprise Incentive Management, this dimension-type object further defines the business. Reference objects can have their own hierarchy (for example, product tree, customer tree, industry tree, and geography tree).
reference transaction	In commitment control, a reference transaction is a source transaction that is referenced by a higher-level (and usually later) source transaction, in order to automatically reverse all or part of the referenced transaction's budget-checked amount. This avoids duplicate postings during the sequential entry of the transaction at different commitment levels. For example, the amount of an encumbrance transaction (such as a purchase order) will, when checked and recorded against a budget, cause the system to concurrently reference and relieve all or part of the amount of a corresponding pre-encumbrance transaction, such as a purchase requisition.
regional sourcing	In PeopleSoft Purchasing, provides the infrastructure to maintain, display, and select an appropriate vendor and vendor pricing structure that is based on a regional sourcing model where the multiple ship to locations are grouped. Sourcing may occur at a level higher than the ship to location.
relationship object	In PeopleSoft Enterprise Incentive Management, these objects further define a compensation structure to resolve transactions by establishing associations between compensation objects and business objects.
remote data source data	Data that is extracted from a separate database and migrated into the local database.
REN server	Abbreviation for <i>real-time event notification server</i> in PeopleSoft MultiChannel Framework.
requester	In PeopleSoft eSettlements, an individual who requests goods or services and whose ID appears on the various procurement pages that reference purchase orders.
role	Describes how people fit into PeopleSoft Workflow. A role is a class of users who perform the same type of work, such as clerks or managers. Your business rules typically specify what user role needs to do an activity.
role user	A PeopleSoft Workflow user. A person's role user ID serves much the same purpose as a user ID does in other parts of the system. PeopleSoft Workflow uses role user IDs to determine how to route worklist items to users (through an email address, for example) and to track the roles that users play in the workflow. Role users do not need PeopleSoft user IDs.
roll up	In a tree, to roll up is to total sums based on the information hierarchy.
run control	A run control is a type of online page that is used to begin a process, such as the batch processing of a payroll run. Run control pages generally start a program that manipulates data.
run control ID	A unique ID to associate each user with his or her own run control table entries.

run-level context	In PeopleSoft Enterprise Incentive Management, associates a particular run (and batch ID) with a period context and plan context. Every plan context that participates in a run has a separate run-level context. Because a run cannot span periods, only one run-level context is associated with each plan context.
search query	You use this set of objects to pass a query string and operators to the search engine. The search index returns a set of matching results with keys to the source documents.
section	In PeopleSoft Enterprise Incentive Management, a collection of incentive rules that operate on transactions of a specific type. Sections enable plans to be segmented to process logical events in different sections.
security event	In commitment control, security events trigger security authorization checking, such as budget entries, transfers, and adjustments; exception overrides and notifications; and inquiries.
serial genealogy	In PeopleSoft Manufacturing, the ability to track the composition of a specific, serial-controlled item.
serial in production	In PeopleSoft Manufacturing, enables the tracing of serial information for manufactured items. This is maintained in the Item Master record.
session	In PeopleSoft Enterprise Learning Management, a single meeting day of an activity (that is, the period of time between start and finish times within a day). The session stores the specific date, location, meeting time, and instructor. Sessions are used for scheduled training.
session template	In PeopleSoft Enterprise Learning Management, enables you to set up common activity characteristics that may be reused while scheduling a PeopleSoft Enterprise Learning Management activity—characteristics such as days of the week, start and end times, facility and room assignments, instructors, and equipment. A session pattern template can be attached to an activity that is being scheduled. Attaching a template to an activity causes all of the default template information to populate the activity session pattern.
setup relationship	In PeopleSoft Enterprise Incentive Management, a relationship object type that associates a configuration plan with any structure node.
share driver expression	In PeopleSoft Business Planning, a named planning method similar to a driver expression, but which you can set up globally for shared use within a single planning application or to be shared between multiple planning applications through PeopleSoft Enterprise Warehouse.
single signon	With single signon, users can, after being authenticated by a PeopleSoft application server, access a second PeopleSoft application server without entering a user ID or password.
source transaction	In commitment control, any transaction generated in a PeopleSoft or third-party application that is integrated with commitment control and which can be checked against commitment control budgets. For example, a pre-encumbrance, encumbrance, expenditure, recognized revenue, or collected revenue transaction.
SpeedChart	A user-defined shorthand key that designates several ChartKeys to be used for voucher entry. Percentages can optionally be related to each ChartKey in a SpeedChart definition.
SpeedType	A code representing a combination of ChartField values. SpeedTypes simplify the entry of ChartFields commonly used together.
staging	A method of consolidating selected partner offerings with the offerings from the enterprise's other partners.

statutory account	Account required by a regulatory authority for recording and reporting financial results. In PeopleSoft, this is equivalent to the Alternate Account (ALTACCT) ChartField.
step	In PeopleSoft Sales Incentive Management, a collection of sections in a plan. Each step corresponds to a step in the job run.
storage level	In PeopleSoft Inventory, identifies the level of a material storage location. Material storage locations are made up of a business unit, a storage area, and a storage level. You can set up to four storage levels.
subcustomer qualifier	A value that groups customers into a division for which you can generate detailed history, aging, events, and profiles.
Summary ChartField	You use summary ChartFields to create summary ledgers that roll up detail amounts based on specific detail values or on selected tree nodes. When detail values are summarized using tree nodes, summary ChartFields must be used in the summary ledger data record to accommodate the maximum length of a node name (20 characters).
summary ledger	An accounting feature used primarily in allocations, inquiries, and PS/nVision reporting to store combined account balances from detail ledgers. Summary ledgers increase speed and efficiency of reporting by eliminating the need to summarize detail ledger balances each time a report is requested. Instead, detail balances are summarized in a background process according to user-specified criteria and stored on summary ledgers. The summary ledgers are then accessed directly for reporting.
summary time period	In PeopleSoft Business Planning, any time period (other than a base time period) that is an aggregate of other time periods, including other summary time periods and base time periods, such as quarter and year total.
summary tree	A tree used to roll up accounts for each type of report in summary ledgers. Summary trees enable you to define trees on trees. In a summary tree, the detail values are really nodes on a detail tree or another summary tree (known as the <i>basis</i> tree). A summary tree structure specifies the details on which the summary trees are to be built.
syndicate	To distribute a production version of the enterprise catalog to partners.
system function	In PeopleSoft Receivables, an activity that defines how the system generates accounting entries for the general ledger.
TableSet	A means of sharing similar sets of values in control tables, where the actual data values are different but the structure of the tables is the same.
TableSet sharing	Shared data that is stored in many tables that are based on the same TableSets. Tables that use TableSet sharing contain the SETID field as an additional key or unique identifier.
target currency	The value of the entry currency or currencies converted to a single currency for budget viewing and inquiry purposes.
template	A template is HTML code associated with a web page. It defines the layout of the page and also where to get HTML for each part of the page. In PeopleSoft, you use templates to build a page by combining HTML from a number of sources. For a PeopleSoft portal, all templates must be registered in the portal registry, and each content reference must be assigned a template.
territory	In PeopleSoft Sales Incentive Management, hierarchical relationships of business objects, including regions, products, customers, industries, and participants.
TimeSpan	A relative period, such as year-to-date or current period, that can be used in various PeopleSoft General Ledger functions and reports when a rolling time frame, rather

	than a specific date, is required. TimeSpans can also be used with flexible formulas in PeopleSoft Projects.
trace usage	In PeopleSoft Manufacturing, enables the control of which components will be traced during the manufacturing process. Serial- and lot-controlled components can be traced. This is maintained in the Item Master record.
transaction allocation	In PeopleSoft Enterprise Incentive Management, the process of identifying the owner of a transaction. When a raw transaction from a batch is allocated to a plan context, the transaction is duplicated in the PeopleSoft Enterprise Incentive Management transaction tables.
transaction state	In PeopleSoft Enterprise Incentive Management, a value assigned by an incentive rule to a transaction. Transaction states enable sections to process only transactions that are at a specific stage in system processing. After being successfully processed, transactions may be promoted to the next transaction state and “picked up” by a different section for further processing.
Translate table	A system edit table that stores codes and translate values for the miscellaneous fields in the database that do not warrant individual edit tables of their own.
tree	The graphical hierarchy in PeopleSoft systems that displays the relationship between all accounting units (for example, corporate divisions, projects, reporting groups, account numbers) and determines roll-up hierarchies.
unclaimed transaction	In PeopleSoft Enterprise Incentive Management, a transaction that is not claimed by a node or participant after the allocation process has completed, usually due to missing or incomplete data. Unclaimed transactions may be manually assigned to the appropriate node or participant by a compensation administrator.
universal navigation header	Every PeopleSoft portal includes the universal navigation header, intended to appear at the top of every page as long as the user is signed on to the portal. In addition to providing access to the standard navigation buttons (like Home, Favorites, and signoff) the universal navigation header can also display a welcome message for each user.
user interaction object	In PeopleSoft Sales Incentive Management, used to define the reporting components and reports that a participant can access in his or her context. All Sales Incentive Management user interface objects and reports are registered as user interaction objects. User interaction objects can be linked to a compensation structure node through a compensation relationship object (individually or as groups).
variable	In PeopleSoft Sales Incentive Management, the intermediate results of calculations. Variables hold the calculation results and are then inputs to other calculations. Variables can be plan variables that persist beyond the run of an engine or local variables that exist only during the processing of a section.
VAT exception	Abbreviation for <i>value-added tax exception</i> . A temporary or permanent exemption from paying VAT that is granted to an organization. This terms refers to both VAT exoneration and VAT suspension.
VAT exempt	Abbreviation for <i>value-added tax exempt</i> . Describes goods and services that are not subject to VAT. Organizations that supply exempt goods or services are unable to recover the related input VAT. This is also referred to as exempt without recovery.
VAT exoneration	Abbreviation for <i>value-added tax exoneration</i> . An organization that has been granted a permanent exemption from paying VAT due to the nature of that organization.
VAT suspension	Abbreviation for <i>value-added tax suspension</i> . An organization that has been granted a temporary exemption from paying VAT.
warehouse	A PeopleSoft data warehouse that consists of predefined ETL maps, data warehouse tools, and DataMart definitions.

work order	In PeopleSoft Services Procurement, enables an enterprise to create resource-based and deliverable-based transactions that specify the basic terms and conditions for hiring a specific service provider. When a service provider is hired, the service provider logs time or progress against the work order.
worksheet	A way of presenting data through a PeopleSoft Business Analysis Modeler interface that enables users to do in-depth analysis using pivoting tables, charts, notes, and history information.
worklist	The automated to-do list that PeopleSoft Workflow creates. From the worklist, you can directly access the pages you need to perform the next action, and then return to the worklist for another item.
XML schema	An XML definition that standardizes the representation of application messages, component interfaces, or business interlinks.
yield by operation	In PeopleSoft Manufacturing, the ability to plan the loss of a manufactured item on an operation-by-operation basis.
zero-rated VAT	Abbreviation for <i>zero-rated value-added tax</i> . A VAT transaction with a VAT code that has a tax percent of zero. Used to track taxable VAT activity where no actual VAT amount is charged. Organizations that supply zero-rated goods and services can still recover the related input VAT. This is also referred to as exempt with recovery.

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PeopleSoft Risk Management

8.8 Reports

December 2003

PeopleSoft Risk Management 8.8 Reports

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About This PeopleBook

PeopleBooks provide you with the information that you need to implement and use PeopleSoft applications.

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- Related documentation.
- Comments and suggestions.

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This section discusses how to:

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CHAPTER 1

PeopleSoft Risk Management Reports

This appendix provides an overview of PeopleSoft Risk Management reports and enables you to view a summary table of all reports.

Note. For samples of these reports, see the Portable Document Format (PDF) fields that are published on CD-ROM with your documentation.

PeopleSoft Risk Management Reports: A to Z

This table lists the PeopleSoft Risk Management reports, sorted alphanumerically by report ID. The reports listed are all Crystal reports. If you need more information about a report, click the link to navigate to information about the process where the report is used.

Report ID and Report Name	Description	Navigation	Run Control Page
TRC3015 Mark to Market	Lists market information for transactions between two dates for a specified business unit and for all defined currencies of the business unit. (Crystal)	Risk Management, Reports, Mark to Market	RUN_TRC3015

CHAPTER 2

Report Samples

This chapter provides report samples.

For the online samples of these reports, see the PDF files that are published on CD-ROM with your online documentation.



Report TRC3015

PeopleSoft Financials
MARK TO MARKET

Page No. 1

Run Date: 11/19/2003

Run Time: 5:22:30 PM

Business Unit: US001

Currency: USD

Position Currency	Settlement Date	Deal ID	Buy/Sell	Spot Rate	Amount	Spot Amount	Revalued Spot Amount	Interest Accrued
----------------------	-----------------	---------	----------	-----------	--------	----------------	-------------------------	---------------------

DEM

1/5/1999	TOPTION	Buy	1.40	7,500.00	10,500.00	13,537.01	0.00
----------	---------	-----	------	----------	-----------	-----------	------

Spot Amount Subtotal	10,500.00
Revalued Subtotal (0.51)	13,537.01
Forward Gain(+)/Loss(-)	-3,037.01



Business Unit: US001

Currency: USD

Position Currency	Settlement Date	Deal ID	Buy/Sell	Spot Rate	Amount	Spot Amount	Revalued Spot Amount	Interest Accrued
----------------------	-----------------	---------	----------	-----------	--------	----------------	-------------------------	---------------------

JPY

	4/6/2000	TFX2	Buy	0.00	1,000,000.00	0.00	198,400,000.00	0.00
	4/7/2000	TFX1	Buy	0.00	1,000,000.00	0.00	198,400,000.00	0.00
	4/11/2000	TFX3	Buy	0.00	1,000,000.00	0.00	198,400,000.00	0.00
	8/4/2003	000000000361	Buy	110.00	110,000.00	12,100,000.00	21,824,000.00	0.00

Spot Amount Subtotal	12,100,000.00
Revalued Subtotal (0.01)	617,024,000.00
Forward Gain(+)/Loss(-)	-9,724,000.00