



EM-61.2

Category: Sensitivity
Topic: Interest Rate Risk Management
Published: 08/20/2014

Overview

This section contains FCA's standard procedures for examining Interest Rate Risk Management; however, the guidance for each procedure is currently under development. In the interim, the following links provide related guidance that was contained in the old FCA Examination Manual:

- [EM- 425 Interest Rate Risk Measurement and Management](#)
- [EM- 435 Funding and Debt Management](#)

Examination Procedures and Guidance

General

1. Policy & Procedures:

Determine if policies and procedures addressing IRR management provide adequate guidance and risk parameters.

Guidance:

2. IRR Strategies:

Determine if strategies for managing IRR are sufficient to maintain risk at an acceptable level.

Guidance:

3. IRR Model:

Evaluate the model for measuring IRR, including integrity of data input and underlying assumptions, model validation, and model controls.

Guidance:

4. IRR Simulation Scenarios:

Determine if the types of IRR simulations performed are sufficient to measure all significant sources of IRR exposure, including vulnerability to a breakdown of key assumptions.

Guidance:

5. Monitoring & Controls:

Evaluate internal controls in IRR management, with a focus on reporting, oversight and approval processes, and staffing.

Guidance:

6. Audit:

Determine if the institution conducts an effective audit (scope, reporting, and followup) of IRR management.

Guidance: