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: