



Derivative Hedging Services

*An interest rate risk management
solution for credit unions*

Derivative types and characteristics

While there is a wide array of derivative structures, the new regulation allows for credit unions to utilize only specific interest rate derivative instruments.

Allowable structures include:

Interest rate swaps – Agreements between two parties that allow an exchange of interest payments based on a notional amount through a set maturity date. A traditional swap converts a floating rate obligation to a fixed-rate. A reverse swap converts a fixed-rate obligation to a floating rate. This type of hedge, called a plain

Derivative Hedging Services

Catalyst Strategic Solutions' Derivative Hedging Services are designed to help credit unions achieve accelerated success through interest rate risk mitigation strategies that enhance their balance sheets.

Derivative Hedging Services include:

- In-depth training and education for start-to-finish derivative programs
- Assistance with NCUA derivative application
- Developing derivative policies and procedures
- Interest rate risk modeling
- Legal review of all derivative documentation
- Counterparty credit analysis
- Derivative hedging strategies, trade execution and transaction management
- Daily monitoring of derivative pricing and collateral management



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