



FINANCIAL SERVICES
COMMISSION

GUIDELINE No. 9

MARKET RISK MANAGEMENT (Investments)

This Guideline is issued by the Financial Services Commission (“the Commission”) pursuant to section 53 of the Financial Services Commission Act 2010-21 (“Act”) and comes into effect March 1, 2013.

This Guideline establishes the standards of the Commission with respect to management by credit unions of market risk.

Each credit union is required to implement a policy that addresses the following:

- 1. Authorized types, limits and concentration of investments, other financial instruments, and assets. These should include:**
 - 1.1 Appropriate limits on:
 - 1.1.1 Investments in a single financial institution and their connected institutions, with exceptions for deposits in banks registered under the Financial Institutions Act.
- 2. Defined and prudent levels of decision-making authority. These should include:**
 - 2.1 Delegated decision-making authority, including approval authority for:
 - 2.1.1 The purchase and redemption of investments;
 - 2.1.2 Large or complex transactions.
- 3. Identifying, measuring, providing for and recording market impairments. This should include:**
 - 3.1 Establishment of a requirement to monitor and report the value and yields of investments, the value or return of which can fluctuate, including:
 - 3.1.1 Deteriorating investment positions;
 - 3.1.2 Accounting for changes in aggregate market exposures.