

[Your Name]
[Your Position]
[Your Company]
[Company Address]
[City, State, Zip Code]
[Email Address]
[Phone Number]
[Date]
[Recipient Name]
[Recipient Position]
[Recipient Company]
[Company Address]
[City, State, Zip Code]

Subject: Hedging Relationships under IFRS

Dear [Recipient Name],

I am writing to provide you with an overview of our hedging relationships as per International Financial Reporting Standards (IFRS). This document aims to ensure clarity on our risk management strategy and adherence to the relevant IFRS guidelines, particularly IFRS 9: Financial Instruments.

1. **Hedging Objective**

- Description of the risks being hedged (e.g., foreign exchange risk, interest rate risk).
- Overall objectives of the hedging strategy.

2. **Hedging Instrument**

- Details on the derivative or non-derivative instruments used (e.g., options, forwards, swaps).
- The notional amount and maturity of the hedging instruments.

3. **Hedged Item**

- Description of the item being hedged (e.g., specific assets, liabilities, forecasted transactions).
- The nature of the exposure.

4. **Hedging Designation and Documentation**

- Confirmation that the hedging relationship has been formally documented.
- Description of the risk management strategy and how the hedging instrument is expected to offset changes in the fair value or cash flows of the hedged item.

5. **Effectiveness Testing**

- Explanation of how the effectiveness of the hedging relationship is assessed (e.g., qualitative and quantitative methods).
- Summary of the results of the effectiveness testing.

6. **Accounting Treatment**

- Overview of the accounting treatment for the hedging relationship under IFRS 9.
- Recognition of gains or losses in the financial statements.

Please feel free to reach out if you require further information or clarification on any specific point.

Sincerely,

[Your Name]
[Your Position]
[Your Company]