

## **Forex Hedging Policy Statements**

Provided by OANDA FXConsulting,  
Corporate Foreign Currency Hedging Solutions

**Forex Hedging Sample Policies**

This document provides a variety of sample forex hedging policies:

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Recognizing each company board may require different levels of depth and details, we have provided three different Board policy samples. After you choose the sample policy closest to your needs, you will still need to customize it for your particular company’s needs and risk profiles.

**Note:** *The attached sample policies are generic and need to be customized to suit the needs of each corporation. The sample policies may not be applicable in any manner for a specific company. For example, the exposure limits and hedging ratios included in this document are for illustrative purposes only. Neither OANDA nor any of its employees accept any liability whatsoever for any loss or damage, however caused, arising from the use of these sample Forex Hedging Policies.*

# Forex Hedging Policies

*If you don't measure it, you cannot improve it.*  
*Lord Kelvin 1824-1907*

An effective forex hedging strategy requires two stages:

- **Policy approval.** The Corporate Board must first approve the strategic framework. This policy can provide general directives, can include targets to be achieved, or can be a mixture of both.
- **Implementation policy.** Management must create a detailed implementation of the directives contained in the high-level forex hedging policy approved by the Board. This implementation policy is prepared, validated and implemented by management.

## ***Policy Approval***

As a part of the Forex Hedging Implementation Plan, management will need to develop a high-level Forex Hedging Policy to be approved by the Board of Directors. This policy will act as a framework for managing foreign currency risk.

Hedging policy may be implemented in stages. It could first address known foreign currency exposures for recorded foreign currency assets and liabilities on the balance sheet. In later implementation stages, a company could expand its hedging activities to include future foreign currency exposures for the more complex forecasted transactions. Board approval should be provided whenever a change is required in forex hedging activities that may contradict the policy already approved by the Board.

## ***Implementation Policy***

After the Board approves the Forex Hedging Policy, this policy should first be implemented on a test basis for known exposures or translation risks. For a two-month period (or other time period deemed appropriate), the company should implement this policy in a test environment, completing all required reports, authorizations, and month-end reports.

At the end of the period, senior management should review the results and make any necessary adjustments to the policy. If required, management should commence another test period to check the results of the revised Forex Hedging Policy.

When all parties are satisfied with the outcomes of the test timeframe, the full and final Forex Hedging Policy can be approved by the Board and a detailed implementation policy created and implemented by management.

# Policy for Board Approval (General Sample)

This is a sample of a general forex hedging policy to be approved by members of the Corporate Board.

*Note: The attached sample policy is generic and needs to be customized to suit the needs of each corporation. For example, the exposure limits and hedging ratios included in this document are for illustrative purposes only. Neither OANDA nor any of its employees accept any liability whatsoever for any loss or damage, however caused, arising from the use of this sample Forex Hedging Policy.*

## **Mandate**

One of the responsibilities of the Board of Directors is to periodically review the significant risks and opportunities that may affect the company and its business, and to oversee the actions, systems, and controls that have been put in place to manage and monitor these risks and opportunities.

## **Foreign Currency Risks and Opportunities**

The company is exposed to the following foreign currency risks and opportunities:

**Balance Sheet Translation Risk:** *Existing* foreign currency assets or liabilities are subject to an unfavorable movement in the foreign currency exchange rate, which would have a negative impact on the company.

**Future Transaction Risk:** *Future* foreign currency transactions creating assets or liabilities are subject to an unfavorable movement in the foreign currency exchange rate, which would have a negative impact on the company.

**Speculative Risk:** Management may believe current foreign currency exchange rates will move in a predictable direction that will have a positive impact on the company. Under adequate authorization and with an aim to limit the potential loss, certain speculative foreign currency trading may be approved by the Board.

## **Policies**

The Board of Directors will approve management's implementation of a Forex Hedging Policy for managing foreign currency risk exposure.

This policy will include:

- adequate procedures
- limits
- hedging timelines
- authorized hedging products
- hedging performance reporting guidelines
- approval guidelines
- exception policies
- internal controls

The policy will help manage:

- the balance sheet for foreign currency exposure (existing balance sheet amounts)
- anticipated future foreign currency cash flows
- speculative trading

### ***Reporting***

Management will prepare and present quarterly reports to the Board detailing the net foreign currency exposure for balance sheets hedges, cash flows hedges, and speculative trading results. A summary of the hedge trading results over the quarter will also be provided.

### ***Counterparty Risk***

(For a US example) US-based counterparties must have either a single A credit rating from a major credit rating agency or a minimum of \$50 million in Excess Regulatory Capital, as defined in monthly reports to the Commodity Futures Trading Commission (CFTC).

# Policy for Board Approval (Sample with Targets)

This is a sample of a forex hedging policy with targets, to be approved by members of the Corporate Board.

*Note: The attached sample policy is generic and needs to be customized to suit the needs of each corporation. For example, the exposure limits and hedging ratios included in this document are for illustrative purposes only. Neither OANDA nor any of its employees accept any liability whatsoever for any loss or damage, however caused, arising from the use of this Forex Hedging Policy.*

## **Mandate**

One of the responsibilities of the Board of Directors is to periodically review the significant risks and opportunities that may affect the company and its business, and to oversee the actions, systems, and controls that have been put in place to manage and monitor these risks and opportunities.

## **Foreign Currency Risks and Opportunities**

The company is exposed to the following foreign currency risks and opportunities:

**Balance Sheet Translation Risk:** *Existing* foreign currency assets or liabilities are subject to an unfavorable movement in the foreign currency exchange rate, which would have a negative impact on the company.

**Future Transaction Risk:** *Future* foreign currency transactions creating assets or liabilities are subject to an unfavorable movement in the foreign currency exchange rate, which would have a negative impact on the company.

**Speculative Risk:** Management may believe that current foreign currency exchange rates will move in a predictable direction that will have a positive impact on the company. Under adequate authorization and with an aim to limit the potential loss, certain speculative foreign currency trading may be approved by the Board.

## **Policies**

The Board of Directors will approve the following policies for managing foreign currency risk exposure:

### **Balance Sheet Foreign Currency Exposure (existing balance sheet amounts)**

Management will hedge out a minimum of 75% of the net foreign exposures (assets less liabilities) on those occasions when the exposure exceeds \$50,000 USD [or an amount in the reporting currency].

### **Anticipated Future Foreign Currency Cash Flows**

Management will hedge out a minimum of 50% of the highly probable forecasted future foreign currency cash flow on those occasions when the exposure exceeds at least \$200,000 USD [or an amount in the reporting currency].

### **Speculative Trading**

Management may enter into speculative trading such that the maximum cumulative loss that the company will experience in any financial quarter will not exceed \$50,000.

### **Reporting**

Management will prepare and present quarterly reports to the Board detailing the net foreign currency exposure for balance sheets, anticipated cash flows and speculative trading. A summary of the results of the hedge trading over the previous quarter will also be provided.

### **Counterparty Risk**

(For a US example) US-based counterparties must have either a single A credit rating from a major credit rating agency or a minimum of \$50 million in Excess Regulatory Capital, as defined in monthly reports to the Commodity Futures Trading Commission (CFTC).

Management will implement an Forex Hedging Policy that will include adequate procedures, limits, hedging timelines, authorized hedging products, hedging performance reporting guidelines, approval guidelines, exception policies, and internal controls.

# Policy for Board Approval (Sample with Details)

This is a sample of a forex hedging policy with a mixture of targets and methods, to be approved by members of the Corporate Board.

*Note: The attached sample policy is generic and needs to be customized to suit the needs of each corporation. For example, the exposure limits and hedging ratios included in this document are for illustrative purposes only. Neither OANDA nor any of its employees accept any liability whatsoever for any loss or damage, however caused, arising from the use of this sample Forex Hedging Policy.*

## **Mandate**

One of the responsibilities of the Board of Directors is to periodically review the significant risks and opportunities that may affect the company and its business, and to oversee the actions, systems, and controls that have been put in place to manage and monitor these risks and opportunities.

## **Foreign Currency Risks and Opportunities**

The company is exposed to the following foreign currency risks and opportunities:

**Balance Sheet Translation Risk:** *Existing* foreign currency assets or liabilities are subject to an unfavorable movement in the foreign currency exchange rate, which would have a negative impact on the company.

**Future Transaction Risk:** *Future* foreign currency transactions creating assets or liabilities are subject to an unfavorable movement in the foreign currency exchange rate, which would have a negative impact on the company.

**Speculative Risk:** Management may believe that current foreign currency exchange rates will move in a predictable direction that will have a positive impact on the company. Under adequate authorization and with an aim to limit the potential loss, certain speculative foreign currency trading may be approved by the Board.

## **Policies**

The Board of Directors will approve the following policies for managing foreign currency risk exposure:

### **Balance Sheet Foreign Currency Exposure (existing balance sheet amounts)**

Management will review at least monthly the current exposure to foreign currencies for assets and liabilities on the balance sheet and determine the net exposure. Management will hedge out a minimum of 75% of the net foreign exposures (assets less liabilities) on those occasions where the exposure exceeds \$50,000 USD [or an amount in the reporting currency].

### **Anticipated Future Foreign Currency Cash Flows**

At minimum, management will prepare and update forecasted future foreign currency cash flows (for example, sales to foreign locations or imports).

Management will hedge out a minimum of 50% of the highly probable forecasted future foreign currency cash flow, on those occasions where the exposure exceeds at least \$200,000 USD [or an amount in the reporting currency].

### **Speculative Trading**

Management may determine there are investment opportunities in potentially favorable foreign currency changes, although it must keep in mind that certain risks or certain costs are associated with speculative foreign currency trading.

Management may enter into speculative trading such that the maximum cumulative loss that the company will experience in any financial quarter will not exceed \$15,000 USD [or an amount in the reporting currency].

### **Reporting**

Management will prepare quarterly reports for the Board on the net foreign currency exposure for balance sheets, anticipated cash flows, and speculative trading. These reports will include a summary of the results of the hedge trading over the quarter.

### **Counterparty Risk**

(For a US example) US-based counterparties must have either a single A credit rating from a major credit rating agency or a minimum of \$50 million in Excess Regulatory Capital, as defined in monthly reports to the Commodity Futures Trading Commission (CFTC).

Management will implement an Forex Hedging Policy that will include adequate procedures, limits, hedging timelines, authorized hedging products, hedging performance reporting guidelines, approval guidelines, exception policies, and internal controls.

# Management Implementation Policy

This is a generic sample of a forex hedging policy designed and implemented by management. This policy is a detailed implementation of the directives contained in the high-level forex hedging policy already approved by the Board.

*Note: The attached sample is generic and needs to be customized to suit the needs of each corporation. For example, the exposure limits and hedging ratios included in this document are for illustrative purposes only. Neither OANDA nor any of its employees accept any liability whatsoever for any loss or damage, however caused, arising from the use of this sample forex hedging policy.*

## **Mandate**

When properly implemented, forex hedging can proactively reduce risk for the company. This Forex Hedging Policy provides a framework for management to contain foreign currency risks, with proper oversight by the Board of Directors.

Management will review the significant risks and opportunities that affect the company and its business, and will oversee the actions, systems, and controls that have been put in place to manage and monitor these risks and opportunities.

To that end, management shall review and approve this Forex Hedging Policy, and will use it to monitor the company's forex hedging results.

## **Purpose**

The purpose of this policy is to establish a clear understanding of the philosophy and objectives for Company X to manage its foreign currency exposure. This document will also describe the standards Company X uses to monitor hedging performance, and will serve as a guideline for management.

## **Scope**

There are two main types of foreign currency exposure hedging guidelines included in this policy:

**Balance Sheet Translation Risk:** *Existing* foreign currency assets or liabilities are subject to an unfavorable movement in the foreign currency exchange rate, which would have a negative impact on the company.

**Future Transaction Risk:** *Future* foreign currency transactions creating assets or liabilities are subject to an unfavorable movement in the foreign currency exchange rate, which would have a negative impact on the company.

An effective hedging program does not eliminate all risk, but reduces certain risks to an acceptable cost. To manage hedging effectively, management will regularly analyze the components of forex hedging positions relative to actual forex assets and liabilities and will monitor the performance of forex transactions.

The policy also includes **trading guidelines** that outline the potential for profiting from positive foreign currency fluctuations but limit the downside risk to an agreed cost

structure. Given the speculative nature of this type of investment, the guidelines provide strict limits and extra reporting requirements to both senior management and the Board of Directors.

## ***Risks***

### **Balance Sheet Translation Risks – (recorded assets and liabilities)**

Due to the nature of its business, Company X is subject to risks arising from unfavourable movements in foreign currency exchange rates. It is also exposed to translation risks related to existing foreign currency exposures. Specifically, Company X will translate (convert) existing foreign currency assets and liabilities into their [Reporting Currency] value at each financial statement reporting date. Translation risks occur when exchange rates move in an unfavorable direction. As an example, Company X may have certain account receivables (debtors) that require the collection of foreign currency amounts for sales made in foreign locations. If the exchange rate fluctuates between the time the sale was completed and the time the proceeds are collected, Company X will experience translation gains or losses. This risk can be managed through forex hedging.

### **Future Transaction Risks (future foreign currency transactions)**

Transaction risks are related to future foreign currency transactions. Company X is exposed to future foreign currency changes that may negatively affect the value of future sales or the cost of future supplies. Transaction forex risk management is a complex process that requires accurate estimates of highly probable future foreign transactions, an assessment of the impact of foreign currency fluctuations on both the Company's financial position and the marketplace (including impact to competitors), and an estimate of the ability to change future prices to offset future changes in foreign currency rates. This risk can be managed through forex hedging. Typically, future transactions are segregated into two categories; namely, firm commitments (binding sales or purchase contracts) and forecasted transactions.

### **Trading Risks (speculation)**

The Company may choose to engage in a process to potentially profit from favorable foreign currency fluctuations and to limit the downside risk of unfavorable foreign currency movement. To this end, the Forex Hedging Policy will provide guidelines on the implementation of foreign currency trading practices. This process may involve entering into foreign currency options or foreign currency transactions (involving long or short positions). However, it must be understood and agreed that foreign currency trading is risky and has the potential for significant losses.

### ***Designated Currencies to Manage***

As part of their Forex Hedging Policy implementation plan, management initially conducted a review of the foreign currencies that they currently deal with. They will actively manage only those significant foreign currencies listed in Form A. Management will review this list of designated foreign currencies at least yearly, if not more frequently.

### ***Forex Hedging Instruments and Counterparty Risk***

Forex hedging instruments are employed to mitigate foreign currency risks. Only marketable instruments with adequate liquidity will be used. When using forex hedges, Company X is exposed to the risk that the other party to the forex hedging arrangement

might not be able to fulfill its part of the contract. Company X reduces this risk by limiting credit exposure and ensuring that the counterparty has one of the following: high credit rating and/or proper degree of regulatory oversight together with acceptable regulatory capital.

(For a US example) U.S.-based counterparties must have either a single A credit rating from a major credit rating agency or a minimum of \$50 million in Excess Regulatory Capital, as defined in their monthly reporting to the Commodity Futures Trading Commission (CFTC). Form B lists the approved counterparties for forex hedging.

### ***Designating Forex Hedges for Special Accounting Treatment***

Forex hedges aim to manage foreign currency exposure, but not all are designated for special accounting treatment. For those that are designated, accounting standards enable hedge accounting for three different designated forex hedges:

- A **cash flow hedge** may be designated for a highly probable forecasted transaction, a firm commitment (not recorded on the balance sheet), foreign currency cash flows of a recognized asset or liability, or a forecasted intercompany transaction.
- A **fair value hedge** may be designated for a firm commitment (not recorded) or foreign currency cash flows of a recognized asset or liability.
- A **net investment hedge** may be designated for the net investment in a foreign operation.

(For more information on the types of hedging, see the detailed FXConsulting GAAP Accounting document.)

### ***Guidelines—Foreign Exposures***

#### **Recorded Assets and Liabilities on the Balance Sheet**

The primary forex hedging objective for translation (known) risks will be to preserve Company X's financial position in the reporting currency, with a secondary emphasis on reducing unnecessary income statement volatility.

Company X will have hedged between 70–100% of net known foreign exchange exposures (recorded forecast currency assets and liabilities) greater than [the lowest exposure amount – for example, \$15,000] within seven business days from the end of the month.

At a minimum, the Company will monitor its net foreign exchange exposure on accounts payable, accounts receivable, and cash twice a month. Other assets and liabilities will be monitored on a monthly basis.

Unhedged net foreign exposures in excess of [an amount – for example, \$100,000] will require the joint approval of the CEO and CFO.

Unhedged net foreign exposures in excess of [an amount – for example, \$1,000,000] will require the joint approval of the CEO, CFO, and the Board of Directors.

Generally, no special accounting designation will be obtained for recorded assets and liabilities on the balance sheet, since the gain/loss on revaluation of the foreign currency assets and liabilities will be offset by the gain/loss on the related forex hedge.

### **Firm Commitments**

Firm commitments are binding contracts for future foreign exchange transactions.

The primary transaction forex hedging objective for the anticipated foreign currency risks will be to reduce financial statement volatility by hedging a percentage of the Company's foreign currency firm commitments (from binding contracts).

Company X will have hedged between 70–100% of foreign exchange firm commitment exposures (binding foreign currency contracts) greater than [the lowest exposure amount –for example, \$15,000] within fifteen business days from the end of the month.

The Company may monitor new foreign currency firm commitments during the month and hedge between 70 to 100% of their amount at that time.

Unhedged net foreign firm commitment exposures in excess of [an amount – for example, \$100,000] will require the joint approval of the CEO and CFO.

Unhedged net foreign firm commitment exposures in excess of [an amount – for example, \$1,000,000] will require the joint approval of the CEO, CFO, and the Board of Directors.

Typically, forex hedges for firm *purchase* commitments will be designated as a *fair value hedge* with the appropriate documentation, testing and disclosure to avoid volatility on the income statement.

Typically, forex hedges for firm *sales* commitments will be designated as a *cash flow hedge* with the appropriate documentation, testing and disclosure to avoid volatility on the income statement.

### **Highly Probable Forecast Transactions – Designated as Cash Flow Hedges**

The primary objective for transaction forex hedging against anticipated foreign currency risks will be to hedge a percentage of the Company's highly probable foreign currency transactions (thus reducing financial statement volatility). Future foreign currency exposures are the transactions that Company X estimates will take place in the future with a certain degree of confidence (for example, highly probable sales to foreign customers or planned foreign currency supplier purchases).

The Company will prepare forecasts of anticipated monthly foreign currency exposures of amounts greater than \$500,000 over the next 12 to 24 months. These currencies will be classified as designated currencies, with anticipated exposures forecast each month. Examples include anticipated foreign currency sales or purchases where delivery will occur in the future.

The Company will monitor its anticipated net foreign exchange exposure on a monthly basis. Company X will ensure between 30% and 80% of highly probable net foreign exchange exposures are hedged for each of the designated currencies, within 21 days of the end of the month. Senior management will decide on the anticipated foreign currency hedging percentage amount based on expected future exchange rates, the potential of managing fluctuations in foreign currency rates (for example, by changing pricing or changing suppliers), and other documented reasons. This hedging percentage will be presented to the Board of Directors on a quarterly basis.

Unhedged highly probable net foreign exposures in excess of [an amount – for example, \$250,000] will require the joint approval of the CEO and CFO.

Unhedged highly probable net foreign exposures in excess of [an amount – for example, \$2,000,000] will require the joint approval of the CEO, CFO, and the Board of Directors.

Typically, forex hedges for highly probable forecast foreign currency transactions will be designated as a cash flow hedge with the appropriate documentation, testing and disclosure to avoid volatility on the income statement.

**Helpful Hint:**

**Guidelines for Determining the Probability of a Forecasted Transaction**

Cash flow hedging has a specific requirement that a transaction must be highly probable or likely to occur. Probability requires a significantly greater likelihood of occurring than “more likely than not”.

When assessing this requirement of probability, the company should consider factors such as the following:

1. The frequency of similar historical transactions.
2. The company's financial ability to complete the transaction.
3. The company's operational ability to complete the transaction.
4. The company's commitment of resources for foreign transactions (for example, manufacturing capacity, access to finished product components).
5. The financial impact if the transaction did not take place.
6. The length of time until a forecasted transaction is projected to take place and the amount of the forecasted transaction. The longer the time frame and the greater the amount, the less likely the transaction will occur. Consideration should also be given to the customer's, suppliers', or market's ability to complete the forecasted transaction.

**Trading Guidelines – Forex Speculation**

Each individual corporation must develop its own trading guidelines for forex speculation. Items to consider include at-risk amounts, types of products used (options, limit orders, and so on), reporting requirements, authorizations, and limits.

By segregating speculative trading into a separate financial reporting area, a company can ensure that trading activity is reported and appropriately managed. Further, by isolating options as speculative reporting, you can identify the true cost of speculation (as opposed to including this cost/benefit in the underlying asset conversion).

## ***Authorized Hedging Products***

The following products are authorized for corporate forex hedging and speculation:

- Carry spot trades
- Forward contracts
- Options
- Other exotic products (only with the written approval of the CFO)

## ***Authorizations and Internal Controls***

**(This section must be customized for each company.)**

Internal control processes and procedures to be considered will be based on the size of the organization, its staff and its ability to segregate tasks accordingly. Some questions to address in the policy include:

- Who are the account administrators?
- Who approves the account administrator changes?
- What are the trade limits?
- Who has the authority to authorize trade (outside the system)?
- Who has the authority to complete the trades on the system?
- How are trades confirmed and compared (manual vs. automated)?
- Is there segregated reporting? Is it monthly?

Compliance issues to consider will include tax treatment, accounting treatment, financial reporting, and internal control design.

## **Reporting and Measurement for Senior Management**

Senior management will conduct a regular monthly review of hedging performance, counterparty risk, exposure amounts (hedged and unhedged amounts), speculative trading performance, and exceptions to the Forex Hedge Policy to ensure proactive foreign currency management. They will also need to review forex hedge performance reports.

The hedging performance must be evaluated based on the overall result. Hedging performance is not based on whether the hedge made or lost money, but rather on whether the change in value of the foreign currency asset/liability was offset by the change in the value of the hedge.

Reports need to be customized for your company. Some items to consider include:

**Hedge Performance.** The report will include the amount of each foreign currency asset/liability for each designated currency, the exchange rates at the beginning of the period, the exchange rates at the end of the period, and the gains or losses. Further, the report will include information on the offsetting forex hedges (amount, average forex hedge rate, market forex rate, and the mark-to-market position).

**Open Positions:** The report must include a detailed summary statement about the status of the open forex hedges as at the reporting date, the known foreign currency assets/ liabilities, and the resulting net foreign currency gain or loss. Where the net forex exposure exceeds [an amount, for example \$15,000], the report must include: an explanation on why the open position was not hedged, detail on the financial impact of

unhedged forex exposures, and a list of current updates to the exposure position as at the time of the report's production.

**Speculative Trading:** A trading profit/loss report must be prepared for each reporting period. A separate risk report must also be prepared, detailing the current speculative trade positions by currency (including mark-to-market amounts) as well as the maximum currency exposure position held during the period.

**Designated Foreign Currencies:** A report recommending additions or deletions to the designated currencies for forex hedging as listed in Form A.

**Closed Forex Hedges:** A summary report, for each designated currency, outlining the impact of closed positions during the month. The report will include the amounts gained or lost on the forex hedge and the offsetting amount of the foreign currency gains or losses on the balance sheet assets/liabilities.

## ***Procedures***

**(This section must be customized for each company)**

There are many different accounting systems, many different methods for capturing and reviewing forecast information, and many different organizational structures and sizes, so each company's procedures for capturing and reporting on hedging activity will need to be customized.

Before executing any forex hedge or reviewing the results of forex hedges, two consistent requirements across all organizations are to have knowledgeable staff and adequate management review procedures in place.

## ***Reporting Requirements to the Board***

At least semi-annually the CFO shall submit to the Board a summary report on all forex currency hedging arrangements. This report will include:

- A statement about the status of all open forex hedges during the period of the report, which shall include known foreign currency assets, known foreign currency liabilities, existing forex hedge positions, and the resulting net foreign currency exposure;
- A summary statement comparing the actual results of using the forex hedges;
- A statement by the CFO as to whether or not, in his or her opinion, all of the forex hedges entered during the period of the report are consistent with the Corporation's Forex Hedging Policy;
- A statement by the CFO as to whether or not, in his or her opinion, all of the forex hedges entered during the period of the report are consistent with any regulatory or statutory policies, if applicable; and
- Such other information that the Board may require or that, in the opinion of the CFO, should be included.

# Form A – Designated Currencies to Hedge

This is a sample of a form specifically listing the currencies being hedged. This document should be completed, dated and signed before any hedging is put in place.

**Reporting Currency:**

USD – US Dollars

**Designated Currencies to Hedge to Reporting Currency:**

For Translation Risks, Known Asset or Liability Exposures:

JPY – Japanese Yen

EUR – Euros

CAD – Canadian Dollars

For Transaction Risks, Expected Future Asset or Liability Exposures: (for example, signed contracts not yet delivered, highly probable future activity)

JPY – Japanese Yen

EUR – Euros

CAD – Canadian Dollars

Report Date: \_\_\_\_\_

Prepared by: \_\_\_\_\_

Approved by: \_\_\_\_\_

## Form B – Approved Counterparties

This is a sample of a form specifically listing approved hedging counterparties. This document should be completed, dated and signed before any hedging is put in place.

Entity	Excess Regulated Capital	Credit Rating
CITI	N/A	A -, S&P
Merrill Lynch	N/A	AA , S&P
OANDA Corporation	\$148 million (Oct 2007)	N/A

Report Date: \_\_\_\_\_

Prepared by: \_\_\_\_\_

Approved by: \_\_\_\_\_