

## **ABSTRACT**

*National companies in Indonesia in carrying out their business cannot be separated from trading activities or international transactions so that these international transaction activities can cause fluctuations or decreases in the value of the rupiah against foreign exchange rates because the transactions carried out cannot be separated from the use of foreign currencies. The risk of exchange rate changes can be minimized by using hedging decisions. Coal mining companies are companies that often carry out international transactions, so they are very vulnerable to foreign exchange exposure and therefore it is very likely that coal mining companies carry out hedging policies using derivative instruments to protect their assets. The purpose of this study was to determine the effect of leverage and liquidity on hedging decisions in coal sub-sector mining companies listed on the IDX in the 2017-2021 period. The sampling technique used is non-probability sampling. With the method used, 12 coal sub-sector mining companies listed on the Indonesia Stock Exchange were sampled in this study. The data analysis technique used in this study is logistic regression analysis which is used to determine the effect of the variable on the dependent variable. The results showed that the simultaneous test using the logistic regression method, leverage and liquidity had an effect on hedging decisions. Based on the partial test, it can be concluded that leverage and liquidity have a significant negative effect on hedging decisions.*

*Keywords : leverage, liquidity, hedging decision making.*