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IDClear Secures ESMA's TC-CCP Recognition, Aims Global-Level CCP

IDClear has embarked on a new chapter in its clearing services provision, marking a milestone with the recognition granted by the European Securities and Markets Authority (ESMA) as a Third-Country Central Counterparty (TC-CCP).

This recognition, based on Article 25 of the European Market Infrastructure Regulation (EMIR), has been formally documented in the decree issued by ESMA's Board of Supervisors on October 19, 2023. The effective recognition, commencing on December 31, 2023, was attained subsequent to the Financial Services Authority (OJK) and ESMA jointly signing a Memorandum of Understanding (MoU) on September 30, 2023. This MoU underscores the shared commitment of both regulatory entities in the regulation and oversight of CCPs acknowledged by their respective jurisdictions.

President Director of IDClear Iding Pardi expressed his pride in the TC-CCP recognition achieved by the Company. This international acknowledgment serves as evidence of Indonesia's capital market seriousness in adhering to the Principles of Financial Market Infrastructures (PFMI) and global qualifications, which encompass robust corporate governance, prudence, effective risk management, security, efficiency, and reliability.

Furthermore, Iding explained that with IDClear being recognized as a TC-CCP, the Company can now provide clearing services within the European jurisdiction. Global financial institutions can utilize IDClear's clearing services without incurring substantial capital charges. Capital charges represent the cost imposed on financial institutions as a protective measure against risks

associated with their operational activities. The capital amount reflects the reserves needed to cover potential losses stemming from specific risks.

This achievement aligns with IDClear's strategic plan to expand



In the course of 2023, IDClear navigated a spectrum of dynamics, confronting challenges and attaining notable milestones. Later this year, IDClear etched a significant chapter in its history by securing recognition as a Third-Country Central Counterparty (TC-CCP) from the European Securities and Markets Authority (ESMA). This acknowledgment concurrently establishes IDClear as a globally qualified entity, poised for competition on the international front.

The in-depth discussion surrounding IDClear's recognition as a TC-CCP by ESMA is unveiled in the headlines of the 4th Edition of IDClear News. Moreover, the Special Article offers insights into the updates on IDClear's preparedness in providing Interest Rate and Foreign Exchange Derivatives (IRFX) Clearing and Counterparty services. Additionally, the edition delves into IDClear's regulatory amendments throughout 2023 and presents the results of the CSS KPEI 2023 survey.

Moving forward, the Education segment provides a compelling perspective from Bisnis Indonesia, exploring the Geopolitical Impact on the Indonesian Capital Market.

In closing, the Editorial Team expresses warm wishes for an engaging read, hoping that IDClear News serves as a valuable resource for its readers.

Best Regards,
Editorial team



clearing services not only for equity transactions and other securities but also for Over-The-Counter Interest Rate and Foreign Exchange Derivatives. Currently, IDClear has secured OJK's approval and Bank Indonesia (BI)'s principal authorization, awaiting BI's full operational approval expected to be granted in 2024.

"Once qualified and licensed by BI to operate as a CCP in interest rate and foreign exchange markets, we will seek to expand our role in these markets with ESMA. Consequently, IDClear, as a TC-CCP, can offer clearing services for all global market participants," Iding emphasized.

As per ESMA's categorization, IDClear falls into the TC-CCP Tier 1, signifying its current non-systematically important status for the European market. Nevertheless, this acknowledgment positions IDClear on par with other CCPs operating in Europe, as ESMA recognizes the equivalence of regulatory standards set by OJK.

IDClear, being the 5th CCP in ASEAN, 13th in Asia, and 38th globally to receive ESMA recognition, aims to pursue acknowledgments from other

jurisdictions, particularly the United States and Japan, to enhance its international visibility. "By improving visibility to attract foreign participants, including investors, to actively engage and invest in the Indonesian market.

During the press conference on the MoU between OJK and ESMA, Chief Executive of Capital Markets, Financial Derivatives, and Carbon Exchange Supervision of OJK, Inarno Djajadi highlighted the coordinated supervision stipulated in the MoU for CCPs acknowledged by ESMA. With IDClear now acknowledged as a TC-CCP, it stands as a CCP with global qualifications, positioning itself competitively in the global scale.

Yunita Linda Sari, Deputy Commissioner for the Supervision of Capital Market Investment and Securities Institutions of OJK, echoed similar sentiments. According to her, the MoU between OJK and ESMA will bolster market confidence, not only for foreign investors but also for domestic investors.

"This will enhance the overall credibility of the Indonesian market, as our infrastructure is now deemed equivalent to that in Europe," she expressed.



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Advisor:

Board of Directors

Person in charge:

Corporate Secretary

Editorial Board:

Lucia Sintha Sari, Arief Setiawan, Rivanie Novalia, and Mohamad Farhan Fawwaz

Editorial & Circulation Address:

Indonesia Stock Exchange Building,
 Tower I, 5th Floor
 Jln. Jenderal Sudirman Kav. 52-53
 Jakarta 12190

Telephone : 021-515 5115; 515 5125

Fax : 021-515 5120

Toll Free : 0800-100-KPEI (5734)

Email : customer.care@idclear.co.id

Website : www.idclear.co.id

Advancing CCP SBNT Preparations

IDClear is ensuring the Company's readiness to introduce new services as the Central Counterparty for Over-The-Counter (OTC) Interest Rate and Exchange Rate Derivative Transactions. All preparations are being refined through intensive coordination, including adherence to the requirements set forth by Bank Indonesia.

The Central Counterparty services for Over-The-Counter Interest Rate and Exchange Rate Derivative Transactions (CCP SBNT OTC) signifies Indonesia's commitment to the global financial sector's structural reform, as outlined in the Pittsburgh's G20 Summit in 2009. A vital component of this agreement involves fortifying the infrastructure of the OTC derivative market by promoting the utilization of CCP for standard derivative products. The goal is to enhance transparency, mitigate systemic risks, prevent market manipulation, and foster investor confidence in the OTC derivative product market, thereby contributing to the overall stability of the global financial landscape.

To pursue this goal, IDClear is actively preparing the Company to serve as the provider of CCP SBNT OTC services. IDClear secured the principal license from Bank Indonesia (BI) in August 2020 and is acquiring the operational license from BI, with a targeted issuance in 2024.

Head of the Research and Project Management Division of IDClear, Jerri Parulian said that following the acquisition of the principal license from BI, IDClear continues to meticulously finalize preparations for the implementation of these services, which includes the refinement of business mechanisms, organizational structures, supporting regulations, operational system development, participant readiness, and capital involvement.

"Specifically, IDClear has already completed several crucial components, such as the implementation of the Integrated Collateral Management System (ICMS), supporting systems refinement, pilot banks preparation, and the CCP SBNT Portal system," Jerri said.

Head of Project Management Unit of IDClear, Indriana Damayanti added that

the ICMS is designed to monitor, manage, and process collateral to support both OTC derivative and other transactions, thereby elevating operational efficiency. Currently, SBNT-related ICMS and its supporting system are in the advanced stages of implementation.

Meanwhile, Listyarini Hikmaningrum, Head of the Membership and Market Development Division of IDClear, said the Company has designated 8 banks as pilot banks for CCP SBNT services. Collaborating closely with these banks, IDClear is actively conducting socialization efforts, engaging in focus group discussions, and preparing interactive demonstrations and hands-on systems to ensure a thorough understanding of CCP SBNT services by the pilot banks, including the utilization of IDClear's operational system. IDClear also develops the CCP SBNT Portal as an effort to enhance transparency among CCP SBNT members. This portal will function as a comprehensive database encompassing information related to identities, periodic data, activities, and the administrative aspects of CCP SBNT membership.

Jerri further explained that after acquiring an operational license, IDClear will meticulously finalize various components, including the establishment of CCP SBNT units and committees, formalization of Standard Operating Procedures (SOPs), integration of the IDClear-BI system, development of participant systems, and the execution of industrial tests. The entire spectrum of these preparations is anticipated to span approximately 6 months following the issuance of the operational license.

"While waiting the issuance of the license, IDClear keeps refining its preparations, progressing toward the implementation phase. We have prepared all requisites, both mandatory and supplementary, to the best of our ability, while admitting that certain requirements and preparations can only be fulfilled after the license issuance," Jerri asserted.

Listyarini said that the presence of CCP SBNT services will inevitably reshape the transactional landscape within the derivative market. Previously unmonitored bilateral OTC transactions are now set to undergo a more regulated paradigm shift aimed at minimizing risks. Market participants will be encouraged to conduct SBNT transactions through CCP services. Failure to do so may result in capital charges, necessitating larger capital reserves to cushion against potential risks stemming from transaction settlement failures not routed through CCP.

IDClear acknowledges the challenges inherent in reshaping market behavior. Nevertheless, Listyarini expresses confidence that, with the increasing awareness within the market regarding the advantages of these services, a natural adaptation will follow.

"The new concept inevitably raises numerous questions. The challenge lies in ensuring that market participants comprehend the underlying patterns and recognize that the CCP SBNT concept offers benefits, including an efficient process and transactional security supported by robust risk management practices," she concluded.



STATISTICS

EXCHANGE TRANSACTION

	Frequency (Times)	Volume (Shares)	Value (Rp)
Total 2023	259,388,365	4.209.607.038.678	2.318.869.260.709.660
Daily Average	1.179.038	19.134.577.449	10.540.314.821.408

Data until 30 November 2023

EXCHANGE TRANSACTION SETTLEMENT

	SETTLEMENTS		EFFICIENCY	
	Volume (Shares)	Value (Rp)	Volume (%)	Value (%)
Total 2023	1.575.914.539.100	887.251.422.940.600	61,53	54,78
Daily Highest	29.159.837.800	12.077.478.791.500	74,80	63,26
Daily Average	7.163.247.905	4.032.961.013.366	61,31	54,83
Daily Lowest	4.115.663.600	2.058.866.852.900	37,30	39,43

Data until 30 November 2023

ALTERNATE CASH SETTLEMENT (ACS)

	ACS		CLEARING MEMBERS (ACS)	
	Volume (Shares)	Value (Rp)	CM Deliver	CM Receive
Total	80.129.900	14.236.655.500	23	75
Daily Highest	59.157.300	6.729.142.875	3	19
Daily Average	3.815.710	677.935.976	1	4
Daily Lowest	100	77.000	1	1

Data until 30 November 2023

INTRADAY FACILITY

Usage (Rp)		Fees Paid (Rp)
290.890.234.379.759	Total	3.935.931.440
26.444.566.761.796	Monthly Average	357.811.949
1.310.316.371.080	Daily Average	17.729.421

Data until 30 November 2023

GUARANTEE FUND POSITION

Equity	Fixed Income
Value (Rp) 4.989.633.105.887	Value (Rp) 1.087.103
Percentage 65,01%	Percentage 0,00%
Derivative - Futures	Structured Warrant
Value (Rp) 601.924.107	Value (Rp) 91.515.600
Percentage 0,01%	Percentage 0,00%
Return of investment from guarantee fund (all market)	
Value (Rp) 2.684.860.383.991	
Percentage 34,98%	
Total	
Value (Rp) 7.675.188.016.688	Percentage 100%

GUARANTEE RESERVE POSITION

Value (Rp)
Guarantee Reserve 194.139.686.221

Data until 30 November 2023

SECURITIES BORROWING AND LENDING TRANSACTIONS

	Total			Daily Average		Number of Days
	Value (Rp)	Volume (Shares)	Frequency (Times)	Value (Rp)	Volume (Shares)	
January	4.219.289.700	1.388.400	16	136.106.119	44.787	31
February	1.370.875.800	360.200	3	48.959.850	12.864	28
March	4.794.436.500	1.993.800	7	154.659.241	64.316	31
April	554.930.000	98.000	3	18.497.666	3.266	30
May	9.782.996.400	3.822.000	19	315.580.529	123.290	31
June	3.874.880.000	616.500	6	129.162.666	20.550	30
July	6.387.134.700	1.008.700	12	206.036.603	32.538	31
August	951.477.500	521.300	4	30.692.822	16.816	31
September	491.359.000	51.900	3	16.378.633	1.730	30
October	3.138.681.500	1.313.300	6	101.247.790	42.364	31
November	34.021.176.900	6.490.900	12	1.134.039.230	216.363	30
Total	69.587.238.000	17.665.000	91	208,345,024	52,889	334

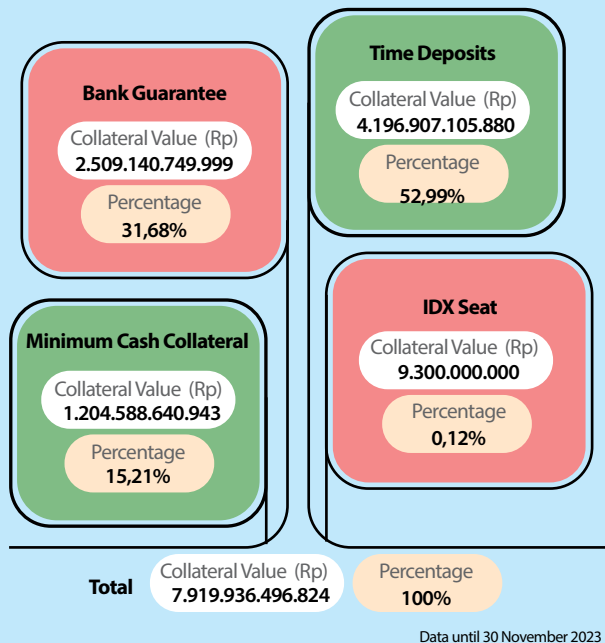
Data until 30 November 2023

TRIPARTY REPO TRANSACTIONS

	Total			
	Value (Rp)	Volume	Value (Rp)	Volume
January	-	-	July 51.000.000.000	78.476.200
February	35.000.000.000	56.000.000	August 34.000.000.000	66.805.000
March	116.000.000.000	395.732.000	September 162.681.817.000	668.588.300
April	10.000.000.000	15.000.000	October 70.400.000.000	118.835.600
May	10.000.000.000	15.000.000	November	-
June	-	-		
Total	489.081.817.000	1.414.437.100		

Data until 30 November 2023

OFFLINE COLLATERAL COMPOSITION

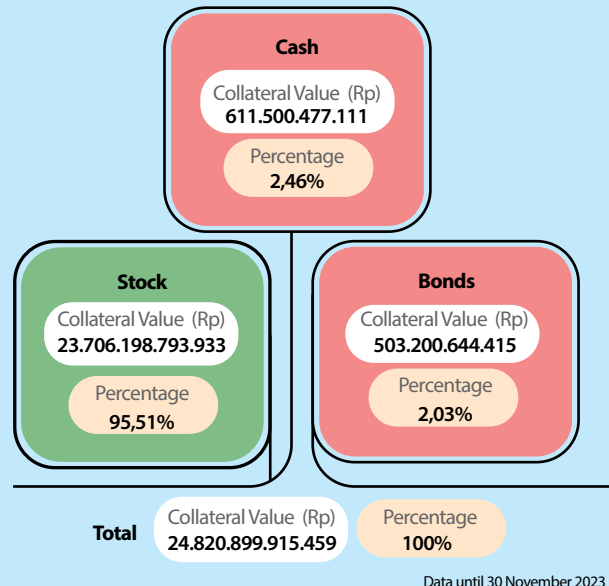


DERIVATIVE TRANSACTIONS

	FREQUENCY (Times)	VOLUME (Contract)	VALUE (Rp)
LQ 45	-	-	-
IDX 30	326	487	23.712.993.000
Index Futures (Total)	326	487	23.712.993.000
Indonesia Government Bond Futures	-	-	-

Data until 30 November 2023

ONLINE COLLATERAL COMPOSITION



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