



iDClear

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News

Kliring Penjaminan Efek Indonesia

Exploring New Opportunities with Triparty Repo SBN





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Exploring New Opportunities with Triparty Repo SBN

IDClear is actively seeking the potential of implementing Triparty Repo SBN as part of Bank Indonesia (BI)'s Blueprint for Money Market Development (BPPU 2025), aimed at fostering a modern, advanced, and secure money market in the digital age.

This initiative is in line with directives from BI encouraging banks to utilize repos for their SBN holdings to boost credit distribution. As a result, BI, the Ministry of Finance, Financial Services Authority (OJK), Self-Regulatory Organizations (SRO) like IDClear, and market participants are working together to develop the national financial market through repo transactions.

A repo, or repurchase agreement, is a transaction where the seller borrows funds from the buyer using certain securities as collateral, typically stocks and bonds, at a predetermined price and time. Repo transactions are regulated under POJK No. 09/POJK.04/2015 on Guidelines for Repurchase Agreement Transactions for Financial Services Institutions, ensuring they are standardized and orderly.

Head of Research and Project Management Division at IDClear Jerri Parulian noted that repo transactions,



editorial

As the first half of 2024 draws to a close, IDClear is actively exploring the potential for new service implementations, aligning with the mandates of the Financial Sector Development and Strengthening Law (P2SK Law) and directives from Bank Indonesia.

The Headline of the second edition of IDClear News 2024 find out into the planned implementation of a Triparty Repo service for Government Securities (SBN). The Special Article section explores the potential of Securities Borrowing and Lending on Mutual Fund.

In closing, the Editorial team extends its warmest regards and hopes that the second edition of IDClear News 2024 proves to be insightful and beneficial for its readers.

Best Regards,
Editorial Team



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particularly for SBN, are expected to serve as an alternative liquidity management tool for banks beyond the interbank money market (PUAB).

"Currently, PUAB transactions occur without collateral, posing high risks for participants. In contrast, repos require collateral, providing a sense of security and are a common practice internationally," Jerri explained.

Jerri added that IDClear is prepared to offer Triparty Repo services for SBN, mirroring its existing services for securities. The availability of Triparty Repo services is expected to enhance security for businesses, particularly banks, and facilitate direct reporting to the Securities Transaction Reporting Receiver (PLTE), ensuring transparency.

Head of the Securities Lending Borrowing and Repo Unit at IDClear M. Nofri Rolla explained that IDClear's role in Triparty Repo SBN is essentially the same as in Triparty Repo for securities, acting as a service provider facilitating the administration of bilaterally negotiated repo contracts. IDClear strengthens its role as a Central Counterparty (CCP) by ensuring transactions are transparent, secure, and orderly.

Specifically, IDClear ensures the settlement of repo contracts, performs mark-to-market valuations, and conducts margin calls based on the agreed margin ratio. IDClear also facilitates transaction adjustments including repo period, repo rate, and repo volume, calculates repo interest fees based on the agreed repo rate, and provides services for handling transaction failures.

Rolla highlighted that a significant difference between stock and SBN repo's lies in risk security. "A repo is essentially a loan and securities collateral carry high risk due to its volatility, whereas SBN is more stable and secure," Rolla said.

Waode Diah Anjani, Head of Research and Business Development Unit at IDClear, explained that in preparing this service, IDClear has benchmarked against several countries, including India, Europe, and Japan. The findings will inform regulatory adjustments, given that the business behavior of Triparty Repo SBN will differ slightly from that of securities Triparty Repo.

Law No. 4/2023 on Financial Sector Strengthening and Development (P2SK) mandates BI to maintain financial system stability, implemented through the Global Master Repo Agreement (GMRA). GMRA serves as the master agreement for interbank repo transactions, providing legal certainty for participants.

Currently, BI and OJK are preparing technical regulations for SBN repo transactions. IDClear is developing regulations and infrastructure for Triparty Repo SBN services. It's expected that SBN repo transactions with banks, using a BI-connected settlement mechanism, will commence in Q4 2024, followed by the development of a CCP Repo system in 2025.

Alongside these preparations, IDClear is actively working to implement Triparty Repo SBN, including outreach to Pilot Bank CCP SBNT, Regional Development Banks, and the Association of State Bond Traders. IDClear is also promoting the Collateral Management System to prospective service users.



Mutual Fund SBL Potentials: Enhancing Capital Market Liquidity

IDClear is evaluating the potential integration of mutual fund portfolios into its Securities Lending and Borrowing (SBL) mechanism in a bid to enhance liquidity in Indonesia's capital market. This initiative aligns with the mandate of Law No. 4/2023 on Financial Sector Development and Strengthening (P2SK), which allows mutual funds to engage in securities lending and borrowing under certain conditions as regulated by the Financial Services Authority (OJK).

Head of Clearing, Settlement and Securities Lending and Borrowing Division at IDClear, Ari Tristianto, explained that this service could offer significant advantages to various stakeholders. For Investment Managers (IM) managing mutual funds, the SBL service presents an opportunity to generate additional income and enhance mutual fund returns for their clients.

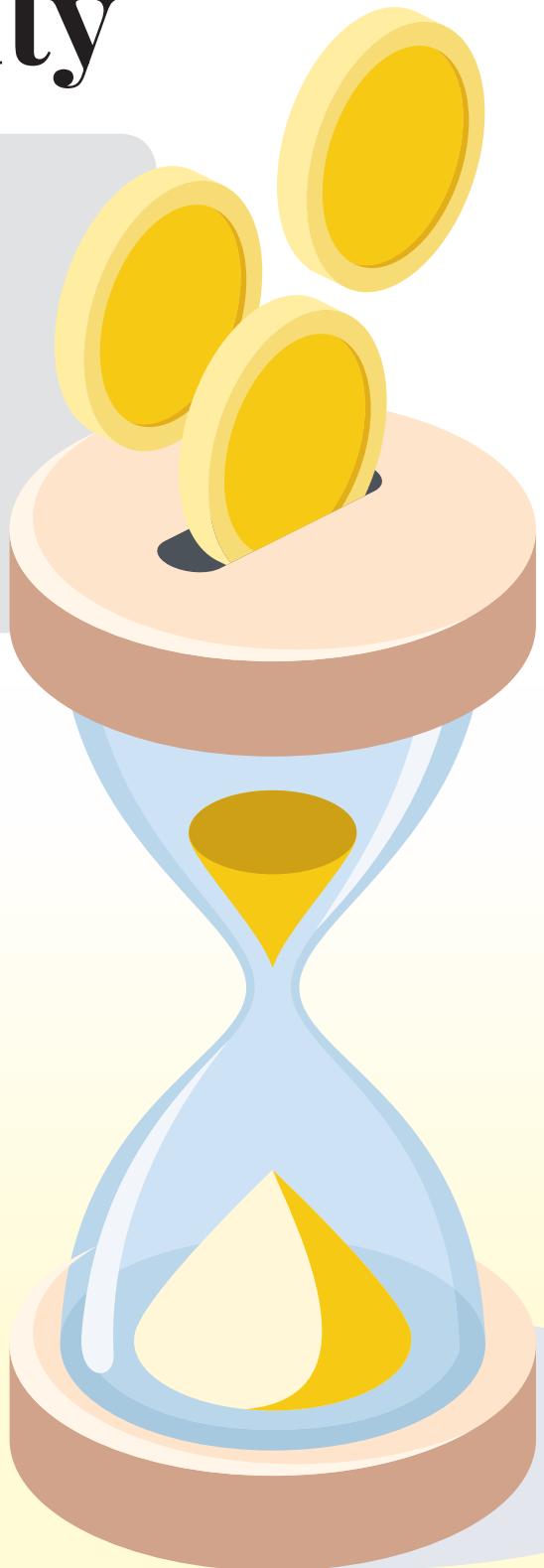
For IDClear, this service can lead to greater utilization of SBL, mitigating the risk of settlement failures in stock exchange transactions. "The SBL facility has historically allowed clearing members (CM) who are unable to meet stock delivery obligations to borrow from IDClear. The addition of mutual fund SBL can broaden the lender base and diversify the portfolio of lendable securities," Ari explained.

M. Nofri Rolla, Head of Securities Lending Borrowing and Repo Unit added that Investment Managers are currently able to use SBL services, both regular and bilateral, by acting as clients of CM and Custodian Banks (CB). Moving forward, Investment Managers are expected to become direct participants in IDClear, allowing for more flexible use of SBL services. "Implementing

this requires adjustments in regulations and mechanisms, which are still under discussion with regulators," Rolla noted.

Head of Research and Business Development Unit at IDClear Waode Diah Anjani said that IDClear has conducted benchmarking studies in several countries, including the United States, South Korea, India, and Malaysia, regarding mutual fund SBL practices. "We have done benchmarking in several countries where mutual fund SBL is already well-established. Many major investment managers globally are actively engaged in it," she elaborated.

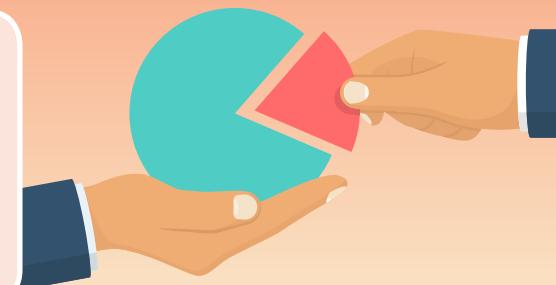
Waode added that IDClear is currently finalizing a joint study with SRO on the potential implementation of mutual fund SBL. In addition to research and benchmarking, IDClear has held FGDs with representatives from the OJK, investment managers, associations, custodian banks, and clearing members. These discussions aim to address stakeholder concerns in the study. The results of the study will establish the foundation for further regulatory development at the OJK level as part of the derivative regulations under the P2SK Law.



EXCHANGE TRANSACTION

| | Frequency (Times) | Volume (Shares) | Value (Rp) |
|--------------------|-------------------|-------------------|-----------------------|
| Total 2024 | 106.721.232 | 1.633.447.959.310 | 1.119.335.537.250.750 |
| Daily Average 2024 | 1.160.013 | 17.754.869.122 | 12.166.690.622.290 |

Data until 31 May 2024



EXCHANGE TRANSACTION SETTLEMENT

| | Settlements | | Efficiency | |
|---------------|-----------------|---------------------|------------|-----------|
| | Volume (Shares) | Value (Rp) | Volume (%) | Value (%) |
| Total 2024 | 579.212.355.600 | 405.033.677.246.900 | 61,55 | 57,09 |
| Daily Highest | 13.494.286.000 | 15.055.518.814.900 | 67,79 | 64,30 |
| Daily Average | 6.295.786.474 | 4.402.539.970.075 | 61,43 | 57,09 |
| Daily Lowest | 4.265.198.300 | 2.643.119.106.200 | 50,72 | 51,90 |

Data until 31 May 2024

ALTERNATE CASH SETTLEMENT (ACS)

| | ACS | | Clearing Members (ACS) | |
|---------|-----------------|---------------|------------------------|------------|
| | Volume (Shares) | Value (Rp) | CM Deliver | CM Receive |
| Total | 2.951.100 | 7.583.750.000 | 6 | 27 |
| Highest | 2.285.200 | 7.369.770.000 | 1 | 22 |
| Average | 491.850 | 1.263.958.333 | 1 | 5 |
| Lowest | 200 | 6.500 | 1 | 1 |

Data until 31 May 2024

INTRADAY FACILITY

| Usage (Rp) | Fees Paid (Rp) | |
|---------------------|-----------------|---------------|
| 110.020.381.460.296 | Total | 1.483.094.733 |
| 22.004.076.292.059 | Monthly Average | 296.618.946 |
| 1.195.873.711.524 | Daily Average | 16.120.594 |

Data until 31 May 2024



GUARANTEE FUND POSITION

| | |
|--|---------------------------------|
| Fixed Income | Value (Rp) 1.087.103 |
| Equity | Value (Rp) 5.212.789.309.990 |
| | Percentage 64,91% |
| Structured Warrant | Value (Rp) 192.330.600 |
| | Percentage 00,00% |
| Derivative - Futures | Value (Rp) 601.924.107 |
| | Percentage 00,01% |
| Return of investment from guarantee fund (all market) | Value (Rp) 2.817.229.867.696 |
| | Percentage 35,08% |
| Total | Value (Rp) 8.030.814.519.496 |
| | Percentage 100% |

Data per 31 May 2024

GUARANTEE RESERVE POSITION

| | |
|-------------------|-------------------------------|
| Guarantee Reserve | Value (Rp) 194.139.661.333 |
|-------------------|-------------------------------|

Data per 31 May 2024



SECURITIES BORROWING AND LENDING TRANSACTIONS

| | Total | | Daily Average | | Number of Days | |
|--------------|----------------------|------------------|-------------------|-------------------|-----------------|------------|
| | Value (Rp) | Volume (Shares) | Frequency (Times) | Value (Rp) | Volume (Shares) | |
| January | 4.945.835.300 | 841.500 | 11 | 159.543.074 | 27.145 | 31 |
| February | 849.835.600 | 130.500 | 4 | 29.304.676 | 4.500 | 29 |
| March | 598.145.000 | 150.900 | 6 | 19.295.000 | 4.868 | 31 |
| April | 915.714.500 | 185.400 | 15 | 30.523.817 | 6.180 | 30 |
| May | 879.922.000 | 163.500 | 11 | 28.384.581 | 5.274 | 31 |
| Total | 8.189.452.400 | 1.471.800 | 47 | 22.375.553 | 4.021 | 152 |

Data until 31 May 2024

OFFLINE COLLATERAL COMPOSITION

Bank Guarantee

Collateral Value (Rp)
2.432.915.599.999

Percentage
32,87%

Time Deposits

Collateral Value (Rp)
3.792.590.485.564

Percentage
51,23%

IDX Seat

Collateral Value (Rp)
9.000.000.000

Percentage
0,12%

Minimum Cash Collateral

Collateral Value (Rp)
1.167.872.353.469

Percentage
15,78%

Collateral Value (Rp) Percentage

Total **7.402.378.439.034**

Data per 31 May 2024

ONLINE COLLATERAL COMPOSITION

Cash

Collateral Value (Rp)
2.125.403.617.314

Percentage
8,46%

Stock

Collateral Value (Rp)
22.244.487.795.039

Percentage
88,56%

Bonds

Collateral Value (Rp)
748.150.257.967

Percentage
2,98%

Collateral Value (Rp) Percentage

Total **25.118.041.670.322**

Data per 31 May 2024

TRIPARTY REPO TRANSACTIONS

Total

| Value (Rp) | Volume |
|------------|--------|
|------------|--------|

| | | |
|--------------|------------------------|-----------------------|
| January | 8.800.000.000 | 11.000.000.000 |
| February | 57.500.000.000 | 183.042.900 |
| March | 134.521.223.424 | 598.000.000 |
| April | 90.000.000.000 | 302.737.400 |
| May | - | - |
| Total | 290.821.223.424 | 12.083.780.300 |

Data until 31 May 2024

DERIVATIVE TRANSACTIONS

Frequency (Times)

Volume (Contract)

Value (Rp)

| | | | |
|-----------------------------------|---|---|---|
| LQ 45 | 0 | 0 | 0 |
| IDX 30 | 0 | 0 | 0 |
| Index Futures (Total) | 0 | 0 | 0 |
| Indonesia Government Bond Futures | 0 | 0 | 0 |

Data until 31 May 2024



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