

ATTACHMENT IX TO

Decision of the Board of Directors of

PT Kliring Penjaminan Efek Indonesia

Number: Kep-042/DIR/KPEI/0924

Dated : 27 September 2024

EVENT OF DEFAULT MANAGEMENT PROVISIONS

I. Statement of Event of Default of the CCP Member

I.1. KPEI determines that an Event of Default has occurred by a CCP Member, if the CCP Member is unable or fails to fulfill the following obligations:

I.1.1. payment of overdue invoice based on DHK PUVA in accordance with the time limit based on the CCP Clearing Contract by KPEI as stated in the Rule Book for PUVA Transaction Clearing and Settlement Provisions;

I.1.2. fulfillment of Margin invoice in order to avoid Event of Default as stated in the Rule Book for Initial

Margin, Variation Margin, and
Default Fund Contribution
Administration Provisions and PUVA
Transaction Clearing and Settlement
Provisions; and/or

I.1.3. fulfillment of the implementation of
the CCP Clearing Contract.

I.2. KPEI, at its discretion, may determine that
an Event of Default has occurred by a CCP
Member, in the event that:

I.2.1. the CCP Member license is revoked by
the authorized agency;

I.2.2. the CCP Member is experiencing a
financial emergency as declared by
the authorized agency as referred to
in the applicable laws and
regulations;

I.2.3. the CCP member is declared to be in
event of default by another CCP;
and/or

I.2.4. the CCP Member is declared to have committed criminal acts by a local court which could affect the fulfillment of the CCP Clearing Contract.

I.3. KPEI, with its authority, may determine steps related to the Event of Default as referred to in the provisions of Number I.2. by coordinating and consulting together with the CCP Clearing and Risk Management Committee.

I.4. The CCP Member must immediately notify KPEI if it is unable or fails to fulfill its obligations under DHK PUVA and/or CCP Clearing Contract and such notification has been received by KPEI as soon as possible, prior to the day of fulfillment of the obligations.

I.5. Event of Default becomes effective when KPEI submits a statement of Event of Default to the CCP Member in the Event of Default

statement letter which may be submitted via electronic media.

I.6. KPEI will convey information regarding Event of Default experienced by the CCP Member to all other CCP Members who do not experience Event of Default, the authorized agency, and other stakeholders.

II. Process for Event of Default Management

II.1. In the Event of Default management or DMP, KPEI has the authority to take the following actions:

II.1.1. use financial resources in accordance with the order of use of funding sources (default waterfall) to cover the obligations of the CCP Member who experiences Event of Default; and

II.1.2. take action in order to reduce losses due to Event of Default as specified in Number IV.

II.2. Each CCP Member must participate in the DMP in accordance with the procedures established by KPEI in order to reduce losses due to Event of Default of the CCP Member.

II.3. KPEI has the authority not to provide information related to the DMP as referred to in the provisions of Number II.1., if based on KPEI's consideration, the information is confidential and/or could affect market condition.

III. Settlement of Obligations of the CCP Member who experiences Event of Default by KPEI by Using Financial Resources in accordance with the Order of Use of Funds (Default Waterfall)

III.1. The order of use of financial resources (default waterfall) that can be used by KPEI to settle the obligations of the CCP Member who experiences Event of Default is as follows:

III.1.1. Initial Margin of the CCP Member who experiences Event of Default in the form of funds;

III.1.2. Initial Margin of the CCP Member who experiences Event of Default in the form of securities;

III.1.3. Default Fund Contribution of the CCP Member who experiences Event of Default;

III.1.4. KPEI's capital allocation contribution intended for managing Event of Default of the CCP Member (skin in the game);

III.1.5. Default Fund Contribution of the CCP Member who does not experience Event of Default based on the remaining value of the loss claim due to the Event of Default.

III.2. The order of use of financial resources as referred to in the provisions of Number

III.1. above may change by taking into account the liquidity of financial resources.

III.3. KPEI may allocate profits from CCP business activities that are intended for managing Event of Default of the CCP Member as an additional contribution of skin in the game as referred to in the provision of Number III.1.4. which is determined through the General Meeting of Shareholders.

III.4. Default Fund Contribution of the CCP Member who does not experience Event of Default as provided in provision of Number III.1.5 is used in the order and portion based on the participation of the CCP Member in the auction process, with juniorisation procedures determined by KPEI in order to reduce losses due to Event of Default as referred to in the provisions of Number IV.

III.5. Customer CCP Clearing Contract of the CCP Member who experiences Event of Default must be transferred (portability) to the CCP

Member who does not experience Event of Default in accordance with the mechanism regulated in the Rule Book for PUVA Contract Acceptance Mechanism Provisions (Trade Management).

III.6. The transfer (portability) of the Customer's CCP Clearing Contract from the CCP Member experiencing an Event of Default as referred to in the provision of Number III.5. is carried out directly since the CCP Member is declared to be in Event of Default through KPEI system with a confirmation mechanism.

IV. KPEI Actions in Order to Reduce Losses due to Event of Default

IV.1. KPEI holds a meeting with the CCP Clearing and Risk Management Committee to obtain recommendations regarding steps to manage Event of Default after KPEI declares Event of Default of the CCP Member.

IV.2. KPEI may take steps to reduce losses due to Event of Default through close out actions

of the outstanding positions of the CCP Member who experiences Event of Default sequentially in the following manner:

IV.2.1. hedging;

IV.2.2. auction; and/or

IV.2.3. Close-Out Netting,

which is carried out simultaneously with the order of use of financial resources (default waterfall) as referred to in the provisions of Number III.1.

IV.3. KPEI hedges part or all of the outstanding CCP Clearing Contracts from the CCP Member who experiences Event of Default.

IV.4. Hedging is carried out by creating a CCP Clearing Contract with an inverse position for each transaction and/or portfolio of the CCP Member who experiences Event of Default.

IV.5. In the event that the hedging transaction is not successful for all outstanding CCP Clearing Contracts of the CCP Member who experiences Event of Default, then KPEI carries out an auction and/or Close-Out Netting mechanism after coordinating with the CCP Clearing and Risk Management Committee.

IV.6. The auction is carried out by KPEI by offering outstanding CCP Clearing Contract of the CCP Member who experiences Event of Default to the CCP Member who does not experience Event of Default.

IV.7. All CCP Members who do not experience Event of Default must provide bids in the auction process.

IV.8. The CCP Member who successfully provides the best bid and become the auction winner will receive:

IV.8.1. outstanding CCP Clearing Contract from the CCP Member who experiences Event of Default; and

IV.8.2. incentive in the form of the order of use of the Default Fund Contribution lastly compared with other CCP Members as referred to in the provision of Number III.3.

IV.9. In the event that the auction as referred to in Number IV.6. is unsuccessful, then KPEI may carry out a second round of auction.

IV.10. KPEI carries out the Close-Out Netting process in the event that the first auction as referred to in the provisions of Number IV.6. and the second auction as referred to in the provisions of Number IV.9. fail to transfer all outstanding CCP Clearing Contracts from the CCP Member who experiences Event of Default.

IV.11. Close-out Netting can be carried out by KPEI by terminating all outstanding CCP Clearing

Contracts from the CCP Member who experiences Event of Default.

IV.12. Termination of all CCP Clearing Contracts due to Event of Default or early termination based on the Rule Book for PUVA Contract Acceptance Mechanism Provisions (Trade Management) is carried out according to the contract position at the end of the PUVA Clearing Day on the date determined by KPEI.

IV.13. KPEI calculates the net value (netting) by referring to the Mark-to-Market of all CCP Clearing Contracts of the CCP Member terminated or terminated early (early termination).

V. Recovery of Event of Default

V.1. KPEI will use Recovery Tools in the form of cash calls and Variation Margin Gain Haircutting for the CCP Member to cover remaining losses due to Event of Default if financial resources in accordance with the

order of use of funding sources (default waterfall) are insufficient.

V.2. KPEI charges cash call in using Recovery Tools as referred to in the provision of Number V.1. against CCP Members at a maximum of 200% (two hundred percent) of the last calculation of Default Fund Contribution.

V.3. CCP Members are required to pay Cash Call in the form of funds in Rupiah (IDR) no later than 1 (one) PUVA Clearing Day since KPEI charges Cash Call as referred to in the provision of Number V.2.

V.4. KPEI, with its authority, may use Recovery Tools as referred to in the provision of Number V.1. by coordinating and consulting with the CCP Clearing and Risk Management Committee.

V.5. The use of financial resources in accordance with the order of use (default waterfall) does not reduce the obligations of the CCP Member who experiences Event of Default to

fulfill its obligations and KPEI has the authority to use other assets of the CCP Member concerned in the return of the use of financial resources.

V.6. KPEI makes a report on the results of Event of Default management and fulfillment of the obligations of the CCP Member for reporting purposes to the authorized agencies.

VI. KPEI Losses Arising from Event of Default

VI.1. KPEI losses may arise from Event of Default of the CCP Member caused by, among others:

VI.1.1. auction losses; and/or

VI.1.2. other general losses experienced by KPEI due to the existence of a CCP Member who experiences Event of Default, such as losses resulting from the use of KPEI's capital allocation contribution intended for Event of Default management of the CCP Member (skin in the game).

VI.2. KPEI has the authority to invoice the CCP Member who experiences Event of Default for the return of the use of financial resources and penalties arising from the use of KPEI's capital allocation for Event of Default management (skin in the game) and Default Fund Contribution of the CCP Member who does not experience Event of Default as referred to in the Rule Book for PUVA Transaction Clearing and Settlement Provisions.

VI.3. The return of the use of financial resources and losses arising from Event of Default of the CCP Member as referred to in the provision of Number VI.2. must be carried out in the following order of priority:

VI.3.1. Cash Call;

VI.3.2. Default Fund Contribution of the CCP Member who does not experience Event of Default;

VI.3.3. use of KPEI's capital allocation for
Event of Default management of the
CCP Member (skin in the game)
together with penalty invoice;

VI.4. Calculation of the penalty invoice as
referred to in the provision of Number VI.2.
as well as the Rule Book for the Supervision
and Audit and Sanctions Provisions and the
provisions of Number I.4.5. of Annex A of
the Rule Book for PUVA Transaction Clearing
and Settlement Provisions is carried out
with a maximum imposition of penalties of 30
(thirty) Calendar Days as from the use of
the financial resources.

VI.5. KPEI notifies the invoice amount in the
provisions of Number VI.2. to the CCP Member
and it must be paid by the CCP Member no
later than 1 (one) PUVA Clearing Day as from
notification to the CCP Member.

VII. KPEI in Event of Default

VII.1. KPEI is declared in Event of Default in the event of being declared bankrupt or liquidated by the authorized agency.

VII.2. In the event that KPEI is declared in Event of Default due to being declared bankrupt or liquidated by the authorized agency, then KPEI will carry out:

VII.2.1.close-out of all CCP Contracts affected by KPEI's bankruptcy or liquidation;

VII.2.2.early termination as a follow-up to close out;

VII.2.3.calculation of all obligations between KPEI and CCP Members in the Close-Out Netting process based on the closing of KPEI's Mark-to-Market on the previous PUVA Clearing Day;

VII.2.4.on the close-out date of the closing as referred to in Provision number VII.2.3., the net value of the CCP

Member's Mark-to-Market loss or profit related to the CCP Member's contract will be determined by KPEI and notified to each CCP Member.

VII.2.5. The net value of the loss or profit obtained is the value of the transaction termination for each CCP Member. The amount of the termination is settled in the following manner:

VII.2.5.1 payment to the CCP Member if the CCP Member makes a profit; or

VII.2.5.2 submission of an invoice to the CCP Member if the CCP Member experiences a loss.

VII.2.6. before making a payment or submitting a receipt for the invoice as provided for in Provision number VII.2.5., KPEI has the right to

obtain fulfillment of the CCP
Member's obligations to KPEI;

VII.2.7.the implementation of the close-out
above is final and binding on the
CCP Member.

VII.3. In the event that KPEI is declared in Event of
Default due to being declared bankrupt or liquidated
as referred to in provision number VII.1., KPEI
returns the assets belonging to the CCP Member that
are under KPEI's control and/or fulfillment of
KPEI's obligations to the CCP Member after the
settlement process as referred to in provision
number VII.2. has been carried out.

VIII. Annex

The annex to the Rule Book for Event of Default
Management Provisions are complementary in nature
and explain each other in accordance with their
functions and constitute an inseparable part of the
Rule Book for Event of Default Management
Provisions, which consists of:

VII.1. Annex A – Event of Default Management Process

ANNEX A

EVENT OF DEFAULT MANAGEMENT PROCESS

Event of Default Management Process

The Event of Default Management Process is carried out to reduce losses caused by Event of Default for settlement of obligations on DHK PUVA and if there is any Margin invoice in the Margin Report. KPEI will use funds from financial resources in accordance with the default waterfall mechanism. In addition, KPEI has the authority to carry out hedging, auction, and Close-Out Netting processes as part of the re-establishment of matched book mechanism which can be carried out simultaneously when the CCP Member is declared to be in Event of Default in accordance with the results of coordination and consultation with the CCP Clearing and Risk Management Committee.

Re-Establishment of Matched Book Process

I.1. Implementation of Hedging

I.1.1. In the event of hedging, the CCP Clearing and Risk Management Committee (which

includes representative of the CCP Member) may provide strategic recommendations to KPEI to carry out hedging activities for CCP Clearing Contract positions in portfolios owned by the CCP Member who experiences Event of Default.

I.1.2. KPEI may assess proposals for hedging from the CCP Clearing and Risk Management Committee. If KPEI rejects the proposal, then the hedging process will not continue and the CCP Clearing and Risk Management Committee may provide other alternative proposals (Close-Out Netting and/or auction). If KPEI accepts the proposal, it will identify the transaction positions of the CCP Member who experiences Event of Default which will be closed and hedged.

I.1.3. KPEI will submit to the CCP Clearing and Risk Management Committee a list of transactions that have the potential to have large risks so that they are suitable for hedging to obtain approval.

I.1.4. The hedging process is carried out by a hedging executor (market maker) from a CCP Member who is willing to provide a new reverse trade contract transaction at the best price through direct registration or sent via ETP Provider to the system provided by KPEI.

I.1.5. KPEI will provide information to the CCP Clearing and Risk Management Committee regarding hedging settlement. If the hedging is successful and all positions are successfully re-placed, then it is possible that an auction will not need to be held.

I.1.6. KPEI enters into a bilateral agreement with the CCP Member in order to carry out hedging activities effectively, as part of the commitment of the CCP Member in participating in Event of Default management.

I.2. Implementation of Auction

I.2.1. In carrying out an auction, the CCP Clearing and Risk Management Committee may provide recommendations to KPEI to carry out auction activities for part or all of the portfolios owned by the CCP Member who experiences Event of Default.

I.2.2. KPEI may carry out an assessment of the proposal to conduct an auction from the CCP Clearing and Risk Management Committee. If the hedging process is sufficient to cover the position of the CCP Member who experiences Event of Default, then an auction does not need to be carried out.

I.2.3. KPEI has the authority to announce the first round of auction regarding positions that will be auctioned to all CCP Members who do not experience Event of Default.

I.2.4. The CCP Member who does not experience Event of Default must participate in the auction, except for the CCP Member who does not have transactions for the same type of contract, in which they have the right not to be

required to participate. The CCP Member who is deemed suitable of being an auction participant can make direct offers via communication media by KPEI.

I.2.5. KPEI has the authority to identify the auction winner who provides the highest bid and is deemed suitable to the best of the knowledge of the CCP Clearing and Risk Management Committee.

I.2.6. If in the first round of auction bidding there is no auction winner, then a second round of auction will be held to determine the party willing to take the auctioned position. If the party taking the offered position has not been determined until the second round of auction is held, then this information will be submitted to the CCP Clearing and Risk Management Committee and the auction participants, to proceed to other event of default management procedures.

I.2.7. If the auction result decision is successfully determined, both in the first and second rounds, KPEI has the authority to transfer the position of the auction results to the portfolio of the CCP Member who wins the auction in the system provided by KPEI.

I.2.8. The funds from the auction received by KPEI will be used to cover the obligations of the CCP Member who experiences Event of Default according to the Settlement requirement.

I.2.9. If the auction results still lack fulfillment of the obligations of the CCP Member who experiences Event of Default, then KPEI will use the available financial resources as referred to in the provisions of Number III.1 of the Rule Book for Event of Default Management Provisions.

I.2.10. If there is use of financial resources as referred to in the provisions of Number III.1.5. of the Rule Book for Event of Default Management Provisions, KPEI will use

the juniorisation disincentive calculation method with the following formula:

$$\text{Loss allocated to the CCP SBNT Member (CM)} = \frac{\text{Bid of the CM} - \text{Winning Bid}}{\text{Sum of all distances (bid of CM} - \text{winning bid)}} \cdot \text{Loss to be Allocated to the CM}$$

Description:

- a. Loss allocated to the CCP Member (CM) is the allocation of losses for the CCP Member who loses the auction.
- b. Bid of the CM is the bid price from the CCP Member during auction activities.
- c. Winning Bid is the auction winning price.
- d. Sum of all distances is the sum of the difference between the bid price of each CCP Member and the auction winning price.

I.2.11. Excess funds from the auction will be returned to the Settlement Account of the

CCP Member who experiences Event of Default by following the settlement process for Event of Default management as determined by KPEI.

I.3. Implementation of Close-Out Netting

I.3.1. In the event that the auction and hedging process is not successful in closing out all outstanding portfolios of the CCP Member who experiences Event of Default, the CCP Clearing and Risk Handling Committee (which includes representative of the CCP Member) may provide recommendations to KPEI to carry out Close-Out Netting activities.

I.3.2. KPEI may carry out an assessment of the proposal to carry out Close-Out Netting from the CCP Clearing and Risk Management Committee. If KPEI rejects the proposal, the Close-Out Netting process will not continue. If KPEI accepts the proposal, an assessment will be carried out on the transaction position for which Close-Out Netting will be carried out.

I.3.3. Close-Out Netting can be carried out by KPEI on remaining positions that cannot be taken over by any other CCP Member.

I.3.4. In the event that Close-Out Netting is carried out, the process of terminating all transactions of the CCP Member who experiences Event of Default is carried out by netting the final calculation of the remaining final rights and obligations of the said CCP Member and replacing them with the latest Mark to Market value as the basis for closing out the transaction position of the CCP Member who experiences Event of Default.

I.3.5. KPEI has the authority to send invoice information for the results of Close-Out Netting to the defaulting CCP Member whose positions are carried out by Close-Out Netting.

I.3.6. Invoice for the Close-Out Netting process is paid by the CCP Member who experiences Event

ENGLISH TRANSLATION

of Default no later than 2 (two) PUVA
Clearing Days after the invoice is received
by the CCP Member.

Jakarta, 6 December 2024
Translated by:

