

ENGLISH TRANSLATION

DECISION OF THE BOARD OF DIRECTORS OF
PT KLIRING PENJAMINAN EFEK INDONESIA

Number : Kep-028/DIR/KPEI/1118

Subject Matter : KPEI Regulation Number II-14 regarding
Credit Ring

Issuance Date : 22 November 2018

Effective Date : 26 November 2018

Reference : *Otoritas Jasa Keuangan* Letter Number:
S-1345/PM.21/2018 dated 19 November
2018, subject matter: Approval on
Regulation Draft of PT KPEI number II-5
regarding Clearing and Guarantee of
Exchange Transaction Settlement on
Equity Securities, KPEI Regulation
number II-14 regarding Credit Ring, and
KPEI Regulation number II-15 regarding
Clearing and Guarantee of Designated
Securities Settlement and Isolated
Trade on Equity Securities.

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Considering : 1. That for the purpose of supporting KPEI to implement the function of Securities Exchange Transaction Settlement Guarantee and to implement the *Otoritas Jasa Keuangan* Regulation (POJK) Number 26 of 2014 regarding Securities Exchange Transaction Settlement Guarantee in relation to handling of failure, the existence of Credit Ring mechanism is deemed necessary.

2. That KPEI has applied Regulation Number II-14 regarding Credit Ring, which lastly set out in the Decision of the Board of Directors of PT Kliring Penjaminan Efek Indonesia Number: Kep-



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015/DIR/KPEI/1213 dated 12
December 2013.

3. That for the purpose of implementation of Acceleration of Securities Exchange Transaction Settlement Cycle which was originally on the third Exchange Day (T+3) to become the second Exchange Day (T+2) then it is deemed necessary to make an adjustment on few provisions regarding Credit Ring.

4. That based in the above consideration, the adjustment on KPEI Regulation regarding Credit Ring shall be set out in the Decision Letter of the



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Board of Directors of PT
Kliring Penjaminan Efek
Indonesia.

Taking into account : 1. Law Number 8 of 1995 regarding
Capital Market (the State
Gazette of the Republic of
Indonesia Number 64 of 1995,
Supplement to the State Gazette
of the Republic of Indonesia
Number 3608 of 1995).

2. Government Regulation Number 45
of 1995 regarding
Implementation of the Capital
Market Activities (the State
Gazette of the Republic of
Indonesia Number 86 of 1995,
Supplement to the State Gazette
of the Republic of Indonesia



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Number 3617 of 1995).

3. *Otoritas Jasa Keuangan*
Regulation Number
26/POJK.04/2014 regarding
Securities Exchange Transaction
Settlement Guarantee.

4. *Otoritas Jasa Keuangan*
Regulation Number
47/POJK/04/2016 regarding Rule
Making Procedure by Clearing
and Guarantee Institution.

5. *Otoritas Jasa Keuangan*
Regulation Number
21/POJK.04/2018 regarding Time
of Exchange Transaction
Settlement.



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6. Decision of the Chairman of Bapepam Number Kep-26/PM/1998 regarding Granting of Business License to PT Kliring Penjaminan Efek Indonesia as a Clearing and Guarantee Institution

7. Decision of the Board of Directors of PT Kliring Penjaminan Efek Indonesia Number Kep-015/DIR/KPEI/1213 dated 12 December 2013 with subject matter: KPEI Regulation Number II-14 regarding Credit Ring.

8. Articles of Association of PT Kliring Penjaminan Efek



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Indonesia.

HAS DECIDED

- To stipulate : 1. KPEI Regulation Number II-14 regarding Credit Ring, as set out in the Attachment of this Decision.
2. In connection with the enforcement of this Decision, KPEI Regulation Number II-14 regarding Credit Ring, the Attachment to Decision of the Board of Directors of PT Kliring Penjaminan Efek Indonesia Number Kep-015/DIR/KPEI/1213 dated 12 December 2013, is declared no longer effective.

PT Kliring Penjaminan Efek Indonesia, (Indonesia Central Counterparty)
Indonesia Stock Exchange Building, Lower J, 5th Fl.,
Jl. Jend. Sudirman Kav. 52-53, Jakarta 12190
Telp. (62-21) 515 5115 Fax No. (62-21) 515 5120



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3. This Decision shall be effective at 26 November 2018 provided that any matter will be amended and revised if in the future it is required for perfection of there is a mistake in this stipulation.

Stipulated in : Jakarta

On : 22 November 2018

[signed]

[signed]

Sunandar

Iding Pardi

President Director

Director

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ATTACHMENT to

The Decision of the Board of
Directors

PT Kliring Penjaminan Efek
Indonesia

Number : Kep-
028/DIR/KPEI/1118

Dated : 22-11-2018

REGULATION NUMBER: II-14

CREDIT RING

I DEFINITION

In this regulation, what is meant by:

I.1 **Clearing Member** shall be a Securities Exchange Member or other party, who meets the requirement for acquiring Exchange Transaction Settlement Clearing and Guarantee services according to Clearing Guarantee Institution Regulation, as referred to in Article 1 Number 6 of



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Otoritas Jasa Keuangan Regulation Number 26/POJK.04/2014 Regarding Securities Exchange Transaction Settlement Guarantee.

- I.2 **Stock Exchange** shall be PT Bursa Efek Indonesia.
- I.3 **Guarantee Fund** shall be the pooling of funds and/or Securities administered and managed by the Clearing and Guarantee Institution which is used to conduct Exchange Transaction Settlement Guarantee by the Clearing and Guarantee Institution as provided for in Article 1 Number 2 of the *Otoritas Jasa Keuangan* Regulation Number 26/POJK.04/2014 Regarding Securities Exchange Transaction Settlement Guarantee.
- I.4 **Exchange Day** shall be a day when Securities trading takes place at the Exchange namely Monday to Friday, except the national holiday or declared as the Exchange holiday by the Exchange.



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- I.5 **Credit Ring** shall be the Clearing Member either individually or collectively which is/are obliged to close the obligation of the Clearing and Guarantee Institution in relation to the Securities Exchange Transaction Settlement Guarantee as provided for in Article 1 Number 12 of *Otoritas Jasa Keuangan* Regulation Number 26/POJK.04/2014 Regarding Securities Exchange Transaction Settlement Guarantee.
- I.6 **Credit Ring Obligation** shall be a collection value which must be fulfilled by the Credit Ring member.
- I.7 **KPEI** shall be PT Kliring Penjaminan Efek Indonesia.
- I.8 **Clearing Value** shall be the obligation of Securities and fund delivery and the receiving right value of the Securities and fund of the Clearing Member.
- I.9 **Regular Market** shall be a market where the Securities trading is conducted by way of a



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continuous auction market bid-offer process by the Securities Exchange Member whose settlement is done on the 2nd Exchange Day after the occurrence of the Exchange Transaction (T+2).

I.10 **Cash Regular Market (Cash Market)** shall be a market where the Securities trading is conducted by way of continuous auction market bid-offer process by the Securities Exchange Member whose settlement is done on the same Exchange Day as the occurrence of Exchange Transaction (T+0).

I.11 **Exchange Transaction Settlement Guarantee** shall be the obligation of Clearing and Guarantee Institution to immediately and directly take over the responsibility of Clearing Member which fails to fulfill its obligation regarding Exchange Transaction settlement and to settle the said transaction in the same time and terms as required for the respective Clearing Member as referred to in Article 1 Number 1 of Otoritas Jasa Keuangan Regulation Number



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26/POJK.04/2014 Regarding Securities Exchange Transaction Settlement Guarantee.

I.12 **Securities Exchange Transaction Settlement**

shall be the fulfilment of the Clearing Member obligation to KPEI and the fulfilment of Clearing Member rights by KPEI based on the Clearing Result List.

I.13 **Securities Exchange Transaction** shall be

contract entered into by Member(s) of a Stock Exchange in accordance with Stock Exchange rules regarding sale-purchase of Securities, Securities lending and borrowing, or any other contract regarding Securities or Securities price as provided in Article 1 Number 8 of Law Number 8 of 1995 regarding Capital Market.

II CREDIT RING OBLIGATION

II.1 KPEI shall implement the function of Securities Exchange Transaction Settlement



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Guarantee for Regular Market and Cash Market in the Exchange.

II.2 Each Clearing Member is obliged to accept responsibility of the Credit Ring Obligation pursuant to this Regulation.

II.3 The Credit Ring Obligation shall arise if:

II.3.1 Insufficiency of all financial resources that can be utilized by KPEI as referred to in Article 21 paragraph (2) letter a, b and c of *Otoritas Jasa Keuangan* Regulation Number 26/POJK.04/2014 Regarding Securities Exchange Transaction Settlement Guarantee, to implement the function of Securities Exchange Transaction Settlement Guarantee in the event that failure occurrence of the Securities Exchange Transaction Settlement by the Clearing Member; and/or




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II.3.2. The non-fulfilment of the entire refund of Guarantee Fund from the financial resource of the Clearing Member who is experiencing failure of the Securities Exchange Transaction Settlement as referred to in Article 23 paragraph (2) of *Otoritas Jasa Keuangan* Regulation Number 26/POJK.04/2014 Regarding Securities Exchange Transaction Settlement Guarantee.

II.4 In the event there is a Credit Ring Obligation as meant in II.3.1 above, the fulfilment of Credit Ring Obligation shall be conducted under the following provisions:

II.4.1. 20% (twenty percent) of the amount required by KPEI to implement the function of Securities Exchange Transaction Settlement Guarantee, shall be divided equally between the Credit Ring member which are not experiencing failure in the



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Securities Exchange Transaction
Settlement;

II.4.2. 80% (eighty percent) of the amount required by KPEI to implement the function of Securities Exchange Transaction Settlement Guarantee, shall be divided proportionally between the Credit Ring member which are not experiencing failure in the Securities Exchange Transaction Settlement based on the Clearing Value of each of the said Credit Ring member for the last 6 (six) months, calculated since the date of issuance of the Credit Ring Obligation.

II.5 In the event there is Credit Ring Obligation as referred to in number II.3.2 above, the fulfilment of Credit Ring Obligation shall be made under the following provisions:



A handwritten signature in blue ink is written over a red circular stamp. The stamp contains the following text: "SOESLI" at the top, "SK Sub. DKI" in the middle, "Jakarta" below that, and "No. 527/95" at the bottom. The outer ring of the stamp contains the text "Authorized & Sworn Translator".

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II.5.1. 20% (twenty percent) of Guarantee Fund utilization amount shall be divided equally between the Credit Ring member which are not experiencing failure in the Securities Exchange Transaction Settlement;

II.5.2. 80% (eighty percent) of Guarantee Fund utilization amount shall be divided proportionally between the Credit Ring member which are not experiencing failure in the Securities Exchange Transaction Settlement based on the Clearing Value of each of the said Credit Ring member for the last 6 (six) months, calculated since the date of issuance of the Credit Ring Obligation.

III. PROCEDURE OF CREDIT RING OBLIGATION FULFILLMENT

III.1. KPEI shall issue the Credit Ring Obligation at the latest 1 (one) Exchange Day since



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the insufficiency of the entire finance resources to handle the failure in the Securities Exchange Transaction Settlement as referred to in Article II.3.1 above.

III.2. The Credit Ring Obligation as referred to in number III.1 above shall be paid by the Credit Ring member within a period of 30 (thirty) days since the issuance of such Credit Ring Obligation.

III.3. For the purpose of fulfilment of the Clearing Member obligation which is experiencing failure in the Securities Exchange Transaction Settlement, KPEI shall conduct sale of asset owned by the related Clearing Member.

III.4. In the event of sale of asset owned by the Clearing Member as referred to in number III.3 above, the following provisions shall apply:



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III.4.1 The proceeds of such sale of asset shall be utilized to fulfil the related Clearing Member obligation.

III.4.2 Based on the proceeds of such sale of asset, KPEI shall conduct recalculation process of the Credit Ring Obligation as referred to in number III.1 above and inform the changes on the Credit Ring Obligation to the Credit Ring member;

III.4.3 In the event there is a change on the Credit Ring Obligation, the Credit Ring Obligation must still be paid in accordance with the timeline of the initial Credit Ring Obligation, as set out in III.2 above.

III.5. For the purpose of refunding of Guarantee Fund utilized to settle the failure of the Securities Exchange Transaction Settlement, KPEI shall conduct asset sale of the



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Clearing Member experiencing failure in the Securities Exchange Transaction Settlement.

III.6. In the event the sale of asset owned by the Clearing Member has been taken place as referred to in number III.5 above (if any), the following provisions shall apply:

III.6.1 The proceeds of such asset sale shall be made for refunding Guarantee Fund;

III.6.2 Based on the proceeds of such asset sale, KPEI shall conduct calculation process of the Credit Ring Obligation as referred to in article II.3.2.

III.7. The Credit Ring Obligation, as referred to in article II.3.2, shall be issued by KPEI at the latest 6 (six) months since the utilization of Guarantee Fund and the insufficiency of the entire refund of Guarantee Fund from the proceeds of the asset sale of Clearing Member experiencing



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failure in the Securities Exchange Transaction Settlement.

III.8. The Credit Ring Obligation as referred to in number III.7 above must be paid by the Credit Ring member within 1 (one) year since the utilization of Guarantee Fund.

III.9. In the event the occurrence of the asset sale of the Clearing Member who is experiencing failure in the Securities Exchange Transaction Settlement after the issuance of the Credit Ring Obligation as referred to in number III.7 above, the following provisions shall apply:

III.9.1 The proceeds of such asset sale shall be utilized for refunding Guarantee Fund;

III.9.2 Based on the proceeds of such asset sale, KPEI shall conduct recalculation process of the Credit Ring Obligation as referred to in number III.7 above and inform such



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change on Credit Ring Obligation to the Credit Ring member;

III.9.3 In the event there is change on the Credit Ring Obligation, the Credit Ring Obligation must still be paid in accordance with the initial Credit Ring Obligation period, as set out in number III.8 above.

III.10. The fulfillment of Credit Ring Obligation conducted by the Credit Ring member in accordance with the bill for the fulfillment of the Credit Ring Obligation issued by KPEI.

III.11. In the event there is a sale of asset owned by the Clearing Member who is experiencing failure in the Securities Exchange Transaction Settlement (if any), KPEI shall conduct recalculation on the Credit Ring Obligation and refund the payment of the Credit Ring Obligation to the Credit Ring (if any) proportionally.



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IV. FAILURE OF CREDIT RING OBLIGATION FULFILLMENT

IV.1. In the event there is a Credit Ring member who is experiencing failure in the Credit Ring Obligation fulfilment after passing the period as set out in article III.2 or article III.8, the following provisions shall apply:

IV.1.1. KPEI submits request to the *Otoritas Jasa Keuangan* for conducting legal action against the Credit Ring member who is experiencing failure in such Credit Ring Obligation fulfilment.

IV.1.2. KPEI shall issue Credit Ring Obligation to the remaining Credit Ring member, for the remaining Credit Ring Obligation which is not paid by the Credit Ring member as meant in number IV.1 above, at the latest 1 (one) Exchange Day calculated since KPEI is aware of the legal action as referred to in



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number IV.1 above which has been started by the *Otoritas Jasa Keuangan*, with the provisions as follows:

IV.1.2.1. 20% (twenty percent) of the remaining Credit Ring Obligation which is not paid by the Credit Ring member, shall be divided equally between/among the remaining Credit Ring member;

IV.1.2.2 80% (eighty percent) of the remaining Credit Ring Obligation which is not paid by the Credit Ring member, shall be divided proportionally between/among the remaining Credit Ring member based on the Clearing Value of each



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of the said Credit Ring member for the last 6 (six) months, calculated since the date of issuance of the new Credit Ring Obligation.

IV.2. The Credit Ring Obligation, as referred to in number IV.1 above, shall be paid by the remaining Credit Ring member within a period of 30 (thirty) days since the issuance of such Credit Ring Obligation.

IV.3. In the event there is another Credit Ring member who is experiencing failure in the Credit Ring Obligation fulfilment, as referred to in number IV.2 above, the provision as referred to in number IV.1 and number IV.2 above shall apply, until the fulfilment of the entire Credit Ring Obligation.

Stipulated in Jakarta, dated 22-11-2018



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[signed]

[signed]

Sunandar

President Director

Iding Pardi

Director

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Jakarta, 1 November 2019
Translated by:

