

Regulation of KSEI Number V-D regarding Free of Payment Instruction for the Book-Entry of Securities at KSEI (Attachment to the Decree of the Board of Directors of KSEI Number KEP dated KEP-0021/DIR/KSEI/0720 dated July 29, 2020)

**REGULATION OF KSEI NUMBER V-D
REGARDING
FREE OF PAYMENT INSTRUCTION FOR THE BOOK-ENTRY OF SECURITIES AT KSEI**

1. DEFINITIONS

In this regulation, referred to as:

- 1.1. **Free of Payment Instruction for the Book-Entry of Securities at KSEI** shall be the procedure for the settlement of Securities Transaction by means of book-entry of Securities without supplemented by the book-entry of fund through KSEI.
- 1.2. **PT Kustodian Sentral Efek Indonesia** which hereinafter will be referred to as "**KSEI**" shall be the company who has obtained business permit from OJK to administer business activities as the Central Securities Depository.
- 1.3. **Financial Services Authority** which hereinafter will be referred to as "OJK" shall be the independent institution which is free from the intervention of other parties, having the functions, tasks and authorities for regulating, supervising, examining and investigating as referred to in the Law regarding the Financial Services Authority.
- 1.4. **Securities** shall be promissory notes, i.e., acknowledgment of indebtedness, commercial papers, shares, bonds, evidence of indebtedness, Participation Unit of collective investment contract, futures contracts, and all derivatives of Securities, as referred to in the Law regarding Capital Market.
- 1.5. **Exchange Transaction** shall be the contract drawn up by the Member of the Stock Exchange in accordance with the terms stipulated by the Stock Exchange regarding the sale and purchase of Securities, Securities lending and borrowing, or other contracts regarding Securities or the price of Securities as stipulated in Article 1 point 6 of the Regulation of OJK Number 22/POJK.04/2019 regarding Securities Transaction.
- 1.6. **Non-Exchange Transaction** shall be transaction among Securities companies or between Securities company and other party which is not stipulated by the Stock Exchange, and transaction among the parties who are not Securities companies as stipulated in Article 1 point 7 of the Regulation of OJK Number 22/POJK.04/2019 regarding Securities Transaction.
- 1.7. **Regulation of KSEI** shall be the regulation issued by KSEI and will be effective upon obtaining approval from OJK, including its implementing regulations issued by KSEI from time to time.
- 1.8. **Account Holder** shall be the Party whose name is registered as the holder of Main Securities Account.
- 1.9. **Securities Account** shall be the account containing the record regarding the position of the Securities and/or funds recorded at KSEI.
- 1.10. **Central Depository-Book Entry Settlement System** which hereinafter will be referred to as "**C-BEST**", shall be the system for the administration of central custodian and Securities Transaction settlement services with overbooking method which is carried out automatically by using computer facility.
- 1.11. **PT Kliring Penjaminan Efek Indonesia** which hereinafter will be referred to as "**KPEI**" shall be the company which has obtained business permit from OJK to organize business activities as the Clearing and Guarantee Institution.

- 1.12. **Securities Sub-Account** shall be the Securities Account under the name of the Client recorded in the Securities Account under the name of the Account Holder at KSEI.
- 1.13. **Depository Securities Sub-Account** which hereinafter will be referred to as the “**Securities Sub-Account 001**” shall be the Securities Sub-Account used by the Account Holder to deposit Securities and record Securities and/or fund owned by the Client of the Account Holder.
- 1.14. **Guarantee Securities Sub-Account** which hereinafter will be referred to as the “**Securities Sub-Account 004**” shall be the Securities Sub-Account used by the Client of the Clearing Member to place collateral in the form of Securities and/or fund which can be used by KPEI to settle Exchange Transaction and/or to settle the obligation of the Client of the clearing member.
- 1.15. **Lender Securities Sub-Account for Securities Lending and Borrowing** which hereinafter will be referred to as the “**Securities Sub-Account 005**” shall be the Securities Sub-Account used by the Client of the Account Holder who has obtained approval from KPEI, to put the Securities to be lent and/or to receive the return of Securities which is lent related to the Securities lending and borrowing transaction at KPEI.
- 1.16. **Margin Transaction Financing Securities Sub-Account** which hereinafter will be referred to as the “**Securities Sub-Account 008**” shall be the Securities Sub-Account used by the Client of the Account Holder for the placement of Securities and/or fund, specifically used for the interest of the Client of margin transaction who is qualified to receive the financing for the settlement of Securities Transaction on Exchange Transaction.
- 1.17. **Sharia Securities Sub-Account** which hereinafter will be referred to as the “**Securities Sub-Account 009**” shall be the Securities Sub-Account used by the Client of the Account Holder to deposit Securities and to record the Securities and/or fund owned by the Client of the Account Holder specifically for Sharia-based Securities in accordance with its functions based on the prevailing statutory regulations.
- 1.18. **Depository Main Securities Account** which hereinafter will be referred to as the “**Main Securities Account 001**” shall be the Main Securities Account used by the participant or other party approved by OJK to deposit Securities and to record Securities and/or fund of its own or used to carry out its functions based on the prevailing statutory regulations.
- 1.19. **Guarantee Main Securities Account** which hereinafter will be referred to as the “**Main Securities Account 004**” shall be the Main Securities Account used by the clearing member to place collateral in the form of Securities and/or fund which can be used by KPEI to settle Exchange Transaction and/or to settle the obligation of the clearing member aforesaid to KPEI.
- 1.20. **Lender Main Securities Account for Securities Lending and Borrowing** which hereinafter will be referred to as the “**Main Securities Account 005**” shall be the Main Securities Account used by the Account Holder obtaining the approval from KPEI to put the Securities which will be lent and/or to receive the return of Securities which is lent related to the Securities Lending and Borrowing transaction at KPEI.
- 1.21. **Sharia Main Securities Account** which hereinafter will be referred to as the “**Main Securities Account 009**” shall be the Main Securities Account used by the Account Holder to deposit and record Sharia Securities whose register is issued by the authorities and/or its own fund or to be used to carry out its functions based on the prevailing statutory regulations.
- 1.22. **Client** shall be the Securities account holder at the participant.
- 1.23. **Single Investor Identification** which hereinafter will be referred to as “**SID**” shall be the single and specific coded issued by KSEI which is used by the Client, the investor and/or other party in accordance with the prevailing regulations to carry out activities related to

Securities Transaction and/or to utilize other services both provided by KSEI and by other parties based on the approval of KSEI or the prevailing regulations.

- 1.24. **Free of Payment** which hereinafter will be referred to as “**FOP**” shall be the Free of Payment Instruction for the Book-Entry of Securities at KSEI which is used by the Account Holder to convey instruction for the delivery or receipt of Securities without supplemented by the payment of fund.
- 1.25. **Securities Transfer** which hereinafter will be referred to as the "**SECTRS**" shall be the Free of Payment Instruction for the Book-Entry of Securities at KSEI which is used by the Account Holder for the book-entry of Securities from one Securities Account to other Securities Account within the same Account Holder in order to fulfill the settlement obligation with KPEI.
- 1.26. **Collateral Deposit** which hereinafter will be referred to as "**COLDS**" shall be the Free of Payment Instruction for the Book-Entry of Securities at KSEI or the Instruction for the Book-Entry of Fund Without Securities at KSEI which is used by the Account Holder to make deposit in the amount of the Securities or fund in order to fulfill the settlement obligation with KPEI.
- 1.27. **Lendable Deposit** which hereinafter will be referred to as "**LENDDS**" shall be the Free of Payment Instruction for the Book-Entry of Securities at KSEI used by the Account Holder to make deposit in the amount of Securities which is lent for the settlement of Securities lending services managed by KPEI.
- 1.28. **Client Asset Transfer** which hereinafter will be referred to as "**CSTR**" shall be the Free of Payment Instruction for the Book-Entry of Securities at KSEI or the Instruction for the Book-Entry of Fund Without Securities at KSEI which is used by the Account Holder for the book-entry of Securities or fund among Securities Accounts which are linked to the same SID.

2. UTILIZATION OF FREE OF PAYMENT INSTRUCTION FOR THE BOOK-ENTRY OF SECURITIES AT KSEI

2.1. General Provisions for the Free of Payment Instruction for the Book-Entry of Securities at KSEI

- 2.1.1. The Free of Payment Instruction for the Book-Entry of Securities at KSEI may be used for the book-entry of Securities in the framework of settlement of Exchange Transaction or the settlement of Non-Exchange Transaction, with the requirements as stipulated in the Regulation of KSEI.
- 2.1.2. Free of Payment Instruction for the Book-Entry of Securities at KSEI will be applicable to all Securities deposited in the collective custody at KSEI, unless stipulated otherwise in the Regulation of KSEI.
- 2.1.3. Free of Payment Instruction for the Book-Entry of Securities at KSEI may be used by the Account Holder if it fulfills the following requirements:
 - 2.1.3.1. The Securities Account from which the source of the Securities is deriving is not in the condition of being frozen or blocked;
 - 2.1.3.2. The Balance of the Securities to be transferred is not the condition of being frozen or blocked; and/or
 - 2.1.3.3. The Securities to be transferred is not in the condition of being blocked.
- 2.1.4. The Account Holder will be responsible for the utilization of the Free of Payment Instruction for the Book-Entry of Securities at KSEI, including on the providing of data, information and/or supporting documents to KSEI from the Free of Payment Instruction for the Book-Entry of Securities at KSEI.
- 2.1.5. Free of Payment Instruction for the Book-Entry of Securities at KSEI will be delivered through C-BEST or other mechanism stipulated by KSEI.

- 2.1.6. Free of Payment Instruction for the Book-Entry of Securities at KSEI may be carried out between:
 - 2.1.6.1. Securities Account within the same 1 (one) Account Holder; or
 - 2.1.6.2. Securities Account among different Account Holders;
- 2.1.7. KPEI may deliver Free of Payment Instruction for the Book-Entry of Securities at KSEI to KSEI in the form and mechanism stipulated by KSEI and KPEI.
- 2.2. KSEI may carry out the book-entry of Securities among Securities Accounts for certain needs in accordance with its authorities, other than as those stipulated in the point 3 of this Regulation of KSEI.

3. TYPES OF FREE OF PAYMENT INSTRUCTION FOR THE BOOK-ENTRY OF SECURITIES AT KSEI

3.1. FOP

In the event that the Account Holder uses FOP, then, the Account Holder will be obliged to fulfill the following requirements:

- 3.1.1. Carried out between the following Securities Accounts:
 - 3.1.1.1. Main Securities Account 001
 - 3.1.1.2. Main Securities Account 009
 - 3.1.1.3. Securities Sub-Account 001
 - 3.1.1.4. Securities Sub-Account 008
 - 3.1.1.5. Securities Sub-Account 009
 - 3.1.1.6. Other Securities Account in accordance with the procedure stipulated by KSEI.
- 3.1.2. FOP consists of:
 - 3.1.2.1. Delivery Free of Payment, which is FOP conveyed by the Account Holder to deliver the Securities from one Securities Account to other Securities Account in accordance with the Delivery Free of Payment instruction and carried out in accordance with the Regulation of KSEI.
 - 3.1.2.2. Receive Free of Payment, which is FOP conveyed by the Account Holder to receive the Securities from other Securities Account in accordance with the Receive Free of Payment instruction and carried out based on the Regulation of KSEI.
- 3.1.3. FOP is carried out if the data conveyed in the Delivery Free of Payment and the Receive Free of Payment has matched.
- 3.1.4. The Account Holder carrying out the book-entry of Securities with FOP will be obliged to include the reference code (common reference) in the event that FOP is used for the book-entry of Securities within the same Account Holder (within member).
- 3.1.5. The Account Holder carrying out book-entry of Securities by means of FOP will be obliged to include the settlement purpose over the instruction aforesaid, which is the settlement of Exchange Transaction or the settlement of Non-Exchange Transaction.

- 3.1.6. In the event that FOP is used for the book-entry of Securities for the settlement of Exchange Transaction, then, the Account Holder will be obliged to fill in the transaction reference number with the following provisions:
- 3.1.6.1. The Account Holder who constitutes a Member of the Stock Exchange will be obliged to include the transaction reference number containing the code of the Member of the Stock Exchange and the transaction confirmation number (trade confirmation) delivered to the Client.
 - 3.1.6.2. The Account Holder who does not constitute a Member of the Stock Exchange will be obliged to fill in the transaction reference number with the transaction confirmation number (trade confirmation) or by using the internal reference if there is not any trade confirmation, provided that the internal reference being used can be linked to the instruction of the Client which states that the instruction aforesaid is linked to the Exchange Transaction being carried out.
- 3.1.7. In the event that the Account Holder uses FOP for the settlement of Non-Exchange Transaction, then, the Account Holder will be obliged to include the transaction which becomes the basis for FOP in C-BEST, which are:
- 3.1.7.1. Sale and purchase;
 - 3.1.7.2. Grant;
 - 3.1.7.3. Inheritance;
 - 3.1.7.4. Inbreg (Share Contribution);
 - 3.1.7.5. Transfer of Securities in the framework of the creation and full repayment of mutual fund Participation Unit in the form of collective investment contract traded at the Stock Exchange (Exchange Traded Fund);
 - 3.1.7.6. Securities Lending and borrowing;
 - 3.1.7.7. Reward, gratification or contribution/donation;
 - 3.1.7.8. Decision of judicial council;
 - 3.1.7.9. Collateral Securities;
 - 3.1.7.10. Securities Distribution related to Management Stock Option (MSOP) and/or Employee Stock Options (ESOP);
 - 3.1.7.11. Securities Distribution resulting from initial public offering;
 - 3.1.7.12. Securities Book-entry among Securities Sub-Accounts owned by the same Client (No Change of Beneficial Owner/NCBO);
 - 3.1.7.13. Repo Transaction; or
 - 3.1.7.14. Conversion.
- 3.1.8. In the event that FOP is used for the settlement of Non-Exchange Transaction among Securities Accounts as referred to in 3.1.2., which the basis of its transaction is not included in point 3.1.7., then, the Account Holder will be obliged to include information which becomes the basis for the relevant transaction in C-BEST.

- 3.1.9. The remarks column as referred to in point 3.1.8. in the Delivery Free of Payment and Receive Free of Payment instructions, must be filled in with the type of Securities Transaction which explains the same basis of transaction.
- 3.1.10. For the utilization of FOP, both carried out in the framework of settlement of Stock Exchange Transaction and Non-Exchange Transaction, the Account Holder will be obliged to ensure the availability of the document which becomes the basis of the transaction which is related to the utilization of FOP.
- 3.1.11. The document which becomes the basis of transaction as referred to in point 3.1.7., will be further stipulated in the circular letter of KSEI.

3.2. **SECTRS**

In the event that the Account Holder uses SECTRS, then, the Account Holder will be obliged to fulfill the following provisions:

- 3.2.1. It is carried out in the framework of handing-over obligation of the Account Holder to KPEI;
- 3.2.2. It is carried out for the book-entry of Securities other than debt Securities and/or Sukuk;
- 3.2.3. It is carried out within the same one Account Holder;
- 3.2.4. It is carried out from the origin Securities Accounts which are:
 - a. Main Securities Account 001;
 - b. Main Securities Account 009;
 - c. Securities Sub-Account 001;
 - d. Securities Sub-Account 008; or
 - e. Securities Sub-Account 009,to the destination Securities Accounts which are:
 - a. Main Securities Account 002; or
 - b. Main Securities Account 003.

3.3. **COLDS**

In the event that the Account Holder uses COLDS to carry out the free of payment book-entry of Securities, then, the Account Holder will be obliged to fulfill the following provisions:

- 3.3.1. It is carried out in the framework of obligation of the Account Holder to KPEI;
- 3.3.2. COLDS is used for the book-entry of Securities in the framework of settlement of Stock Exchange Transaction or the settlement of Non-Exchange Transaction, with the requirements as stipulated in the Regulation of KSEI.
- 3.3.3. It is carried out between the following Securities Accounts:
 - 3.3.3.1. From the origin Securities Account which is Main Securities Account 001 or Main Securities Account 009 to the destination Securities Account which is Mai Securities Account 004 or Securities Sub-Account 004;

- 3.3.3.2. From the origin Securities Account which is Securities Sub-Account 001, Securities Sub-Account 008, or Securities Sub-Account 009 to the destination Securities Account which is Main Securities Account 004; or
- 3.3.3.3. From the origin Securities Account which is Securities Sub-Account 001, Securities Sub-Account 008 or Securities Sub-Account 009 to the destination Securities Account which is Securities Sub-Account 004 to the extent they have the same SID.
- 3.3.4. The provisions regarding the utilization of COLDS to carry out book-entry of fund without the delivery of Securities will be stipulated in Regulation of KSEI regarding the Instruction for the Book-Entry of Fund without the Delivery of Securities at KSEI.

3.4. **LENDDS**

In the event that the Account Holder uses LENDDS, then, the Account Holder will be obliged to fulfill the following provisions:

- 3.4.1. It is carried out in the framework of implementation of Securities lending and borrowing through KPEI; and
- 3.4.2. It is carried out between the following Securities Accounts:
 - 3.4.2.1. From the origin Securities Account which is Main Securities Account 001 or Main Securities Account 009 to the destination Securities Account which is Main Securities Account 005 or Securities Sub-Account 005;
 - 3.4.2.2. From the origin Securities Account which is Securities Sub-Account 001, Securities Sub-Account 008, or Securities Sub-Account 009, to the destination Securities Account which is Main Securities Account 005; or
 - 3.4.2.3. From the origin Securities Account which is Securities Sub-Account 001, Securities Sub-Account 008, or Securities Sub-Account 009, to the destination Securities Account which is Securities Sub-Account 005 to the extent they have the same SID.

3.5. **CSTR**

In the event that the Account Holder uses CSTR to carry out the free of payment book-entry of Securities, then, the Account Holder will be obliged to fulfill the following provisions:

- 3.5.1. It is carried out among Securities Accounts which are linked to the same SID either of the same Account Holder or among different Account Holders; and
- 3.5.2. It is carried out between the following Securities Accounts:
 - a. Main Securities Account 001.
 - b. Main Securities Account 009.
 - c. Securities Sub-Account 001.
 - d. Securities Sub-Account 008.
 - e. Securities Sub-Account 009.

- 3.5.3. The provisions regarding the utilization of CSTR to carry out the book-entry of fund without the delivery of Securities will be stipulated in the Regulation of KSEI regarding the Instruction for the Book-Entry of Fund without the Delivery of Securities at KSEI.

Stipulated in: Jakarta
On: July 29, 2020

PT Kustodian Sentral Efek Indonesia

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President Director

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