

To the Board of Directors of Clearing Members
To the Board of Directors of KSEI Account Holders
In Place of Domicile

Jakarta, March 28, 2023

JOINT CIRCULAR LETTER
Number: SE-002/DIR/KPEI/0323
Number: SE-0001/DIR-EKS/KSEI/0323

Regarding : The Procedure for the Utilization of Securities Account over KPEI Triparty Repo Services and Bilateral KPEI Securities Lending Borrowing Transaction

Dear Sirs/Madams,

In relation to the effort on optimizing services facility to the Clearing Members, the Custodian Banks, and PT Pendanaan Efek Indonesia (“PEI”) who are acting as KSEI Account Holders, as well as to support the work program of KPEI regarding the implementation of KPEI Triparty Repo (“**KPEI Triparty Repo**”) services and the implementation of Bilateral KPEI Securities lending borrowing transaction (“**PME Bilateral KPEI Transaction**”) services, will be required provisions toward the procedure for the utilization of Securities Account in KPEI Triparty Repo and PME Bilateral KPEI Securities Account. Based on such matter, KPEI and KSEI consider it necessary to further explain the provisions regarding the matters which must be fulfilled by the Clearing Members, the Custodian Banks, and PEI who constitute as KSEI Account Holders, by continue observing:

- I. The Regulation of the Financial Services Authority regarding the Guidelines on Repurchase Agreement for Financial Services Institutions;
- II. The Regulation of the Financial Services Authorities regarding Securities Transaction;
- III. The Regulation of the Financial Services Authorities regarding Securities Sub-Account at the Central Securities Depository;
- IV. The Regulation of KPEI regarding Triparty Repo Facility;
- V. The Regulation of KPEI regarding Bilateral Securities Lending Borrowing;
- VI. The Regulation of KSEI regarding Main Securities Account;
- VII. The Regulation of KSEI regarding Securities Sub-Account;
- VIII. The Regulation of KSEI regarding the Free of Payment Instruction for the Book-Entry of Securities at KSEI; and
- IX. The Regulation of KSEI regarding the Reporting and Settlement of Repo Transaction.

Based on the above mentioned provisions, hereby it is provided the explanation over the procedures and requirements concerning as aforesaid:

1. General Provisions

The Clearing Members, the Custodian Banks, and PEI as KSEI Account Holders are obliged to fulfill the provisions as stipulated in the Guidelines for the Utilization of KPEI Triparty Repo Facility (hereinafter will be referred to as “**KPEI Triparty Repo Facility Utilization Guidelines**”) as well as the Guidelines for the Utilization of PME Bilateral KPEI (hereinafter will be referred to as “**PME Bilateral KPEI Utilization Guidelines**”) issued by KPEI from time to time and the Guidelines for the Users of C-BEST Securities Account, the Guidelines for the Users of C-BEST File Upload, as well as the CIRT System Design Document issued by KSEI from time to time (hereinafter will be referred to as “**KSEI Guidelines**”).

2. The Types of KPEI Triparty Repo Securities Account and PME Bilateral KPEI Transaction

The Securities Account used for KPEI Triparty Repo facility services and the implementation of PME Bilateral KPEI Transaction services covers among others:

- 2.1. **Main Securities Account for KPEI Repo Transaction Management** which hereinafter will be referred to as the “**Main Securities Account for KPEI Repo Transaction**” shall be a Main Securities Account used by the Account Holder approved by KPEI for the management of Repo Transaction facility provided by KPEI based on the prevailing statutory regulations.
- 2.2. **Main Securities Account for Bilateral KPEI Securities Lending Borrowing** which hereinafter will be referred to as the “**Main Securities Account for PME Bilateral KPEI**” shall be a Main Securities Account used by the Account Holder approved by KPEI for the management of bilateral Securities lending borrowing facility provided by KPEI pursuant to the prevailing statutory regulations.
- 2.3. **Main Securities Account for Bilateral PME Settlement** shall be a Main Securities Account used by the Account Holder approved by KPEI for the placement of borrowed Securities, the settlement of Bilateral PME, and the recording of loan position.
- 2.4. **Main Securities Account for Bilateral PME Guarantee** shall be a Main Securities Account used by the Account Holder approved by KPEI for the management of Bilateral PME Collateral and Bilateral PME Margin in the form of Securities and/or fund.
- 2.5. **Securities Sub-Account for KPEI Repo Transaction Management** which hereinafter will be referred to as the “**Securities Sub-Account for KPEI Repo Transaction**” shall be a Securities Sub-Account used by the client of the Account Holder which has obtained approval from KPEI for the management of Repo Transaction facilities provided by KPEI based on the prevailing statutory regulations.
- 2.6. **Securities Sub-Account for Bilateral KPEI Securities Lending Borrowing** which hereinafter will be referred to as “**Securities Sub-Account for PME Bilateral KPEI**” shall be a Securities Sub-Account used by the client of the Account Holder who has obtained approval from KPEI for the management of bilateral Securities lending borrowing facilities provided by KPEI based on the prevailing statutory regulations.
- 2.7. **Securities Sub-Account for Bilateral PME Guarantee** shall be a Securities Sub-Account used by the client of the Account Holder which has been approved by KPEI for the management of Bilateral PME Collateral and Bilateral PME Margin in the form of Securities and/or fund.
- 2.8. **Securities Sub-Account for Bilateral PME Settlement** shall be a Securities Sub-Account used by the client of the Account Holder approved by KPEI for the placement of borrowed Securities, the settlement of Bilateral PME, and the recording of loan position.

3. Procedure for the Utilization of Securities Account

The Clearing Members, the Custodian Banks, and/or PEI acting as KSEI Account Holder in using KPEI Triparty Repo facility services and PME Bilateral KPEI Transaction services, are obliged to fulfill the following matters:

- 3.1. Have obtained approval of KPEI and have executed the agreement for the utilization of KPEI Triparty Repo facility and/or PME Bilateral KPEI Transaction services facility.
- 3.2. Submit written application over the opening, the changes, and the closing of Main Securities Account for KPEI Repo Transaction and Main Securities Account for PME Bilateral KPEI by following the procedure as stipulated by KSEI in the Guidelines for the Users of C-BEST Securities Account issued by KSEI from time to time and by continue observing the provisions in the Regulation of KSEI regarding Main Securities Account.

3.3. The opening, the changes, and the closing may be carried out directly through C-BEST over Securities Sub-Account for KPEI Repo Transaction and Securities Sub-Account for PME Bilateral KPEI by following the procedure as stipulated by KSEI in the KSEI Guidelines and by continue observing the provisions in the Regulation of KSEI regarding Securities Sub-Account.

4. The Providing of Information on Securities and/or fund Transfer on KPEI Triparty Repo Securities Account and/or PME Bilateral KPEI Transaction

In the event that there is any Securities and/or fund transfer on the Securities Account used for KPEI Triparty Repo facility services and/or PME Bilateral KPEI Transaction as referred to in Point 2, KPEI and KSEI deliver information to each other related to the transfer of Securities and/or fund on such Securities Account.

5. The Clearing Members and the Custodian Banks acting as KSEI Account Holders are obliged to ensure that the designated Securities Account may only be used to facilitate their own interest and the interest of the relevant clients.

6. PEI acting as KSEI Account Holder may carry out Triparty Repo transaction as KPEI Triparty Repo Participant.

This Circular Letter will be enacted starting on March 28, 2023.

Thus therefore, we convey the above for public cognizance.

Regards,

PT Kliring Penjaminan Efek Indonesia

PT Kustodian Sentral Efek Indonesia

Iding Pardi
President Director

Uriep Budhi Prasetyo
President Director

Copies sent to:

1. The Chief Executive Supervisor of Capital Market, Derivative Finance and Carbon Exchange, the Financial Services Authority (OJK);
2. The Head of Capital Market Regulations and Development Department, OJK;
3. The Director of Securities Transaction Supervisory, OJK;
4. The Director of Securities Institutions and Supporting Institutions Supervisory, OJK;
5. The Indonesian Securities Companies Association;
6. The Indonesian Custodian Bank Association;
7. The Board of Directors of PT Bursa Efek Indonesia;
8. The Board of Commissioners of PT Kliring Penjaminan Efek Indonesia;
9. The Board of Commissioners of PT Kustodian Sentral Efek Indonesia.