# CHAPTER V

IMPLEMENTATION OF TRANSACTIONS WITH BANK INDONESIA

## Transactions with Bank Indonesia

Transaction Activities with Bank Indonesia shall be conducted by the DPM Organizer *cq*. BOpM, including:

1. Transaction for and on behalf of Bank Indonesia

1. OPT Transaction :
   * 1. In the context of reducing banking liquidity (monetary contraction) among others through the issuance of SBI/SBIS, FASBI/FASBIS, FTK, Reverse Repurchase agreement of SBN, and Outright selling of SBN by Bank Indonesia.
     2. In the context of increasing banking liquidity (monetary expansion) among others through FTE, Outright buying of SBN and Repurchase agreement of SBI/SBIS/SBN.
2. Financing Facility Transaction: FLI/FLIS, FPJPS and pledge transaction in the context of FPJP.

2. Transactions for an on behalf of the other party

* 1. Transactions for and on behalf of the Government in the context of auction for the issuance of SBN.
  2. Transactions for and on behalf of the other party in the context of the issuance of other Securities.

## Requirements of the Implementation of Transaction with Bank Indonesia

### Registration of the Members and Changes of the data thereof by the Organizer

1. The Organizer shall register of the Members who may participate in the transaction as referred to in letter A.
2. The Organizer shall register the Members who may participate in the Transaction with Bank Indonesia in accordance with the requirements provided for in related provisions, namely the provisions of Bank Indonesia regarding OPT and Financing Facility,

the provisions of the Minister of Finance regarding Primary Dealer and auction of SBN in the primary market and/or requirements for the members of transaction stipulated by other Securities issuers.

1. In the event of any changes of data on the Members of Transactions with Bank Indonesia, the Organizer shall make changes based on the amendments to the related provisions as referred to in letter b, announcement (press release) and/or notice from the Department of Finance cq. Directorate General of Debt Management (DJPU).
2. Information on the list of the Members which may participate in the Transaction with Bank Indonesia shall be conveyed by the Organizer to the Members at the time of announcement of transaction.

### Submission of Transaction Bidding through other Members (Broker)

1. Members may appoint the other Member as a broker to submit OPT transaction bidding and/or purchase in the auction of the issuance of SBN.
2. The Member appointing the broker as intended in letter a must determine broker bidding limit for brokers, by managing ST in accordance with the procedures as intended in Chapter III letter D number 3.

## Implementation of Transaction with Bank Indonesia

#### OPT Transaction

a. Announcement of OT Transaction by the Organizer

1. The Organizer shall conduct OPT transaction by using auction and/or non auction mechanisms.
2. OPT Transaction conducted by using auction mechanism shall include among other things, the issuance of SBI/SBIS, FASBI/FASBIS, FTK, FTE, Reverse Repurchase agreement of SBN and SBN Outright.
3. The OPT Transaction by using non auction mechanism shall include SBN Outright and SBI/SBIS/SBN Repurchase Agreement.
4. Through BidCC facility, the Organizer announce the implementation of OPT transaction to the Members in accordance with the provisions related to OPT.
5. The announcement of OPT transaction as intended in number 4) shall include among others information on terms and conditions, list /type of Securities /OPT Instrument being transacted (eligible assets), window time, and list of the Members that may participate in OPT transaction.

The window time of OPT transaction and the list of the Members of OPT transaction shall be as intended in Attachment C and Attachment D, respectively.

1. In the event of change in the window time of OPT transaction as intended in number 5) the Organizer shall make an announcement to the Members through Administrative Messages facility or other facilities.
2. During the window time of OPT transaction, the Organizer shall set a pre-closing, namely the remaining period pior to the closing of transaction.

b. Submission of Offer of OPT Transaction by the Members

1. The Members shall receive the announcement of OPT transaction as intended in letter a number 4) from the Organizer.
2. During the window time of OPT transaction, the Member registered as the member of OPT transaction may submit a bidding in accordance with applicable provisions.
3. OPT transaction shall be submitted through ST by using ABS menu and specifically for SBI/SBIS/SBN Repurchase agreement, transaction shall use Supervisory-BI Facility Request-Repo menu.
4. The Member as intended in number 2) shall make an offer for and on its own behalf or for and on behalf of the other Members appointing the member as a broker.
5. In the event of the offer is made for and on behalf of the other Members, the Member of OPT transaction shall make an offer with the nominal amount in accordance with broker bidding limit received.
6. The Members of OPT transaction must make an offer with comprehensive and correct information based on the instruction document of supporting transaction.
7. The offer of OPT transaction submitted to the Organizer will be rejected in the following event:
   1. non-compliance with the provisions and requirements of OPT transaction; and/or
   2. the nominal of offer has exceeded broker bidding limit received by the Members, if the offer is made for and on behalf of the other Members.

c. Announcement of the Results of OPT Transaction

1. After the OPT transaction is closed, by virtue of decision of Bank Indonesia, the Organizer shall announce the results of OPT transaction to the Members through BI-SSSS.
2. The announcement of the results of transaction as intended in number 1) shall be made in the form of a global announcement for all Members and individual announcement for each Member of OPT transaction.
3. Individual announcement for each Member of OPT transaction shall only be received by the Members winning OPT transaction, including Subsidiary Member making an offer through a broker.
4. At the time and on the date of settlement, the Organizer shall make the settlement in accordance with the provisions and procedures as intended in Chapter VII.

#### Financing Facility Transaction

* 1. Requirements of Financing Facility
  2. The Member eligible for Financing Facility is the Bank.
  3. Securities which may be collateralized by the Bank and the reducing factor from the market price of the collateralized Securities c (hair cut) are in accordance with applicable provisions of Financing Facility.
  4. The Members may obtain the maximum Financing Facility (cash value/loan proceed) which is calculated based on the nominal value of Securities collateralized, the market price of Securities, and hair cut in accordance with applicable provisions on Financing Facility.
  5. Information on the market value of Securities in BI-SSSS as intended in number 3) may be obtained by the Members from the Organizer through Enquiry-Securities Enquiry menu or Database-Securities File menu.
  6. The Organizer shall impose fees or return on the use of Financing Facility on the Members.
  7. Administrative requirements for the submission of application for Financing Facility by the Members to the Organizer shall be fulfilled by following the procedures as regulated in applicable provisions on Financing Facility.
  8. FLI/FLIS Transaction
     1. The Organizer shall register the Members approved by Bank Indonesia to use FLI/FLIS in BI-SSSS.
     2. FLI/FLIS shall consist of 2 types, namely FLI/FLIS-RTGS and FLI/FLIS-Clearing.
     3. FLI/FLIS-RTGS may be used to overcome financing difficulty faced by the Members during the operational hours of BI-RTGS System, namely from the opening of system until cut-off warning.
     4. FLI/FLIS-Clearing may be used to overcome the financing difficulty of the Members during the final settlement on the result of debit clearing in the implementation of National Clearing System of Bank Indonesia (SKNBI).
     5. The Settlement of FLI/FLIS shall be made by the Members during the operational hours of BI-RTGS System until pre-cut off.
     6. In the event that the Members intend to use FLI/FLIS, they must transfer Securities used as collateral through Supervisory-FLI/FLIS menu in accordance with transaction period as intended in Attachment C.
     7. In the event that the transfer of Securities has been made in accordance with applicable provisions of FLI/FLIS, the system used by the Organizer to make the Settlement of collateralized Securities shall be in accordance with the procedures as intended in Chapter VII.
     8. In the event that the Member fails to settle FLI/FLIS until pre-cut off, the intended FLI/FLIS shall be treated as repurchase agreement transaction with Bank Indonesia with the term of 1 (one) day in accordance with applicable provisions.
  9. FPJPS Transaction
     + - 1. The Members shall submit applicaton for FPJPS to Bank Indonesia as from cut-off warning until 15 (fifteen) minutes after the pre-cut off of BI-SSSS through Supervisory-BI Facility Request menu.
         2. Application for FPJPS shall be filed by submitting nominal value of FPJPS requested and the type of Securities to be collateralized in FPJPS in accordance with the applicable provisions and requirements of FPJPS.
         3. In the event that application for FPJPS as intended in number 2) does not comply with applicable provisions and requirements, Bank Indonesia shall reject the intended application.
         4. The Members shall receive information on the approval/ rejection of FPJPS from Bank Indonesia through ST.
         5. With respect to approved FPJPS, Bank Indonesia shall make the settlement of FPJPS in accordance with the provisions and procedures as intended in Chapter VII.
         6. In the event of the Members submit application for the extension of FPJPS, application for extension through ST shall be filed in accordance with the procedures as intended in number 1) to number 5).
  10. FPJP Pledge Transaction

1. The Members filling the application for FPJP by using underlying asset in the form of Securities administered at BI-SSSS, shall submit the application of Securities pledge in the context of FPJP transaction to Bank Indonesia containing informasi on among other things the series of Securities, nominal, the time of pledge transaction and the period of pledge as the sample given in Attachment I.
2. The settlement of pledge transaction of Securities in number 1) with Bank Indonesia as the pledgee shall be made by following procedures for the settlement of pledge transaction in Chapter IX letter B number 5.
3. In the event that the Member file application for the replacement of pledge or the change of the period of FPJP pledge, the such Member shall conduct the following matters:
4. The Member shall submit the application for the replacement of pledge or the change of the period of FPJP pledge attached with a copy of Computer Output (HOK) of FPJP pledge transaction to be replaced or changed.
5. The Member and Bank Indonesia shall make the settlement of Securities pledge transaction with Bank Indonesia as the pledgee.
6. The Member and Bank Indonesia shall follow early termination procedures for the replaced pledge or the pledge subject to the change of period; and
7. Procedures for the early termination and the implementation of the settlement of pledge transaction shall refer to procedures for the settlement of pledge transaction provided in chapter IX letter B number 5.

#### Auction Transaction for the Issuance of SBN on behalf of the Government

a. Announcement of Auction for the Issuance of SBN by the Organizer

1. The Organizer shall conduct transaction for the issuance of SBN for and on behalf of the government by using the auction mechanism.
2. The Organizer shall announce the implementation of transaction through Bid CC facility to the Members in accordance with auction announcement made by the government, by no later than 1 (one) business day prior to the date of auction.
3. The announcement as intended in number 2) including among other things information on indicative amount, the type or series of SBN, the period of SBN, auction method, non-competitive offer allocation, date and window time, the date of settlement and the list of participants in auction for the issuance of SBN.

b. Submission of Auction Offer by the Members

1. The Members shall receive announcement on SBN auction as intended in letter a number 2) from the Organizer.
2. During the window time, auction participants may submit SBN offer in accordance with applicable provisions, by using ABS menu.
3. The offer as intended in number 2) shall be submitted either for and on its own behalf or for and on behalf of the other party (other Members or client).
4. In the event that the offer is submitted for and on behalf of the other Participants, the auction Participant shall submit the offer with the maximum nominal amount equal to the broker bidding limit received.
5. Auction participant must deliver the offer with comprehensive and correct information based on instruction document of supporting transaction.
6. Auction offer submitted to the Organizer will be rejected in the following event:
   * + 1. Inconsistent with the provisions and requirements of SBN auction; and/or
       2. with regard to the offer on behalf of the other Members, the offer nominal has exceeded the broker bidding limit received.

c. Auction decision by the Government

1. After the closure of auction, the Organizer shall send data on auction offer to the Department of Finance *cq*. DJPU through BI-SSSS facility or other facilities.
2. The Department of Finance *cq*. DJPU shall send a notice on the results of auction to Bank Indonesia *cq*. DPM, by attaching details on the result of auction awardee.
3. In addition to written data, the transmission of data on the result of auction awardee as intended in number 2) shall also be conducted through BI-SSSS facility or other facility.

d. Announcement of Auction Results

1. By virtue of decree of the Minister of Finance as intended in letter c number 2), the Organizer shall announce the results of auction to the Members through BI-SSSS.
2. The auction announcement as number 1) shall be made in the form of global announcement for all Members and individual announcement for each Auction Participant.
3. Individual announcement for each auction Participant shall only be received by the Members winning the auction, including Subsidiary Member making an offer through a broker.
4. On the date and time of settlement, the Organizer shall make the settlement in accordance with the provisions and procedures as intended in Chapter VIII letter B.

#### Transaction of Other OPT

In the event that Bank Indonesia makes a revision to the provision on OPT by changing and /or adding the type of Securities / OPT Instrument as OPT underlying transaction then the intended transaction shall be conducted in accordance with the procedures as intended in number 1.