CHAPTER VI

ADMINISTRATION OF SECURITIES ACCOUNT

A. Administration of Securities Account

1. Administration System

a. The Administration of Securities Account in BI-SSSS shall use the two tier system as follows:

1. Central Registry, namely DPM *cq.* PTPM Division, administering Securities account for the Bank Member, Sub-Registry and other parties approved by Bank Indonesia to own Securities Account; and
2. Sub-Registry, namely Bank and Agency conducting custodian activities approved by Bank Indonesia to administer Securities Account for the benefit of the clients.

b. The Registration of Securities in Sub-Registry Securities Account with the Central Registry shall be of global nature (omnibus account), with the detailed individual registration of clients shall be made separately in the system owned by the Sub-Registry.

c. The Registration of Securities with the Central Registry and Sub-Registry shall be a legal proof of ownership.

d. The Organizer shall determine the provisions and procedures to be complied with by Sub-Registry in the context of the Administration of Securities in the name of clients, which are set forth in the Circular Letter of Bank Indonesia concerning Sub-Registry.

1. The Registration of the Ownership of Securities Account

a. The Registration of the ownership of Securities Account shall be as follows:

1. The Holder of Securities Account with the Central Registry shall consist of the Department of Finance, Bank, Sub-Registry and other agencies approved by Bank Indonesia.
2. The Holder of Securities Account in Sub-Registry shall be differentiated between:
3. the resident status consisting of client resident and client non-resident); and
4. the type of investors consisting insurance company, mutual fund, pension fund, foundation, securities company, corporate, financial institution, individual and others.

b. The Registration in the Securities Account of the Members shall be differentiated based on the following sub-accounts:

1. Investment, namely the sub-account to accommodate the registration of the ownership of Securities obtained by the Bank Member in the context of the Government program among other things banking recapitalization program.
2. Trade or active namely the sub-account to accommodate the registration of the ownership of tradable Securities originating from either investment sub-account or proceeds from the purchase of Securities in primary market and in secondary market.
3. Guarantee or collateral to Bank Indonesia namely the sub-account to accommodate the registration of Securities being pledged or collateralized by the Bank Member in the context of Financing Facility and/or the registration of repurchase agreement transaction of collateralized borrowing as follows:
4. to register FLI/FLIS guarantee in the sub-account of BI-Facility (hold FLI/FLIS);
5. to register collateral prefund of FLI/FLIS Clearing in the sub-account of BI-Facility (hold FtS);
6. to register FPJPS collateral in the sub-account of BI-Facility (hold FPJP/FPJPS), in the event that FPJPS is submitted through BI-SSSS.
7. to register the collateral of collateralized borrowing repurchase agreement in the sub-account of BI-Facility (hold Repurchase agreement).
8. Pledge in the process of execution (BI-Special Account) namely of the sub-account to accommodate the pledge of Securities on FPJPS under the condition that the borrowing Bank is in default.
9. The Pledge among Members (including pledge transaction to Bank Indonesia in the context of FPJP) shall be differentiated based on sub-account:
10. to register the pledge provided to other Members (pledge-out);
11. to register the pledge received from other Members (pledge-in).
12. Collateralized borrowing shall be differentiated based on sub-accounts:

a) to register the pledge provided to other Member in the context of repurchase agreement transaction to obtain loan (collateralized borrowing-out or CB-Out);

b) to register the pledge received from other Members in the context of repurchase agreement transaction for the extension of loan (collateralized borrowing-in or CB-In).

c. Bank Member shall hold all types of sub-account as intended in letter b, whereas the Member of Sub-Registry shall only hold active sub-account, pledge collateralized borrowing.

d. The registration of Securities with the pledge-in and CB-In sub-account as intended in point b.5) b) and point b.6)b) shall contain information on the registration of Securities for the Member of Pledgee or the purchaser, however the status of ownership remains on the Members of pledgor or the seller.

e. The Securities collateralized and pledged by the Members, either to Bank Indonesia in the context of Financing Facility or to other Members may not be used for other purposes.

1. The Payment of Right of the Holder of Securities Account
2. The Organizer shall make the payment of interests (coupon) or yields in the principal/nominal of Securities on the maturity date to the Holder of Securities Account with the Central Registry.
3. The Payment as intended in letter a. shall be conducted at the expense of the issuer of the Securities /OPT Instrument.
4. The Payment shall be made based on the registration conducted by the holder of Securities Account with the Central Registry in accordance with the provisions and requirements of applicable Securities /OPT Instrument.
5. In the event that the beneficiary of payment is the Member of Sub-Registry, the Sub-Registry must be forwarded the intended payment on the same day to the entitled clients in accordance with the registration of individual ownership with Sub-Registry system.

B. Provisions on and Requirements for the Settlement

1. Provisions on the Settlement

1. The settlement of Securities transaction shall consist of:
   * + - 1. Securities Settlement and Fund Settlement; and
         2. Securities Settlement without Fund settlement.
2. The Settlement of Securities transaction in BI-SSSS shall be final namely the system does not accommodate the cancellation of settlement (unwinding) of each Securities transaction settled in BI-SSSS.
3. The Settlement of Securities transaction in the primary market and secondary market shall be made based on the principles of DVP.
4. Securities Settlement using DVP shall be made by means of gross to gross or gross to net.
5. Securities Settlement on the gross basis shall be made by transferring the ownership of inter-Member Securities based on transaction per transaction data (trade by trade).
6. Fund settlement shall be made on the following basis:
7. gross by conducting inter-Giro Account transfer of funds through BI-RTGS System, based on transaction per transaction data (trade by trade) from BI-SSSS.
8. net by conducting inter-Giro transfer of funds through BI-RTGS System, based on several transactions from BI-SSSS in certain period.
9. Fund settlement on the net basis shall be made for the settlement of Transaction with Bank Indonesia as follows:
10. The Settlement of OPT transaction in the context of the proceeds of SBI, SBIS, FTK and FASBI/FASBIS auction;
11. The settlement of transaction of the issuance of SBN for and on behalf of the Government.
12. The Settlement of Securities transaction can be made on FoP basis in the context of:
13. Transfer of account made by the holder of Securities having the same identity;
14. The Transfer of Securities ownership in the context of grant, inheritance, settlement of liability, exchange, borrowing of Securities and transfer due to the court’s stipulation;
15. Other transactions for example the issuance of Securities in the context of Securities placement by the issuer of Securities (private placement) and barter transaction in the context of Exchange Traded Fund approved by Bapepam-LK.

2. Requirements for the Settlement

1. The Party intending to conduct Securities transaction which does not hold a Securities Account with the Central Registry must appoint Sub-Registry Member to administer its Securities.
2. The Sub-Registry Member which is not the member of BI-RTGS System must appoint the member Bank of BI-RTGS System as a Paying Bank to make the Fund settlement.
3. The total selected Paying Bank that can be used by the Sub-Registry to make a Fund settlement on Securities transaction of their client, shall be 10 (ten) banks, at the maximum.
4. The Paying Bank designated by the Sub-Registry as intended in letter c, must determine the limit of Fund Settlement (settlement limit) for the Sub-Registry by managing data on the limit of Fund Settlement (settlement limit) in ST in accordance with the procedures provided in point III.D.2.
5. The Member Bank of BI-RTGS System conducting Securities transactions or designated as a Paying Bank in order to make the Fund Settlement, must have a sufficient balance on Giro Account to comply with payment obligations either for and on its own behalf or for and on behalf of Sub-Registry clients.
6. Members conducting Securities transactions must have sufficient Securities balance in Securities Account to comply with the obligations of Securities settlements.

C. Report on Securities Account Position

1. The Members of the holder of the Securities Account shall obtain Daily Report on Securities Account position from the Organizer at the end of the system’s closing day.
2. If necessary, the Members may ask for information on Securities Account position during the operational hours from the Organizer through Supervisory-Securities Holding Enquiry by Member menu.
3. Report on Securities Account Daily Position shall include the transfer of Securities / OPT Instruments conducted during the operational hours of BI-SSSS which affects the changes of registration position on the Members’ Securities Accounts.
4. In the event of difference of the position of Securities Account between the Member’s system and the Organizer’s system then the Securities Account position in the Organizer’s system shall be deemed valid.