CHAPTER IX

ADMINISTRATION OF SECURITIES TRANSACTIONS

AMONG MEMBERS

1. General Provisions
2. Members owning Securities Accounts may perform settlement of Securities transactions with other Members in the secondary market through the SSTS menu for Securities transactions as follows:
3. Outright selling/buying transactions.
4. Repo transactions, consisting of:
5. repo with transfer of ownership (sell-buyback); and
6. repo without transfer of ownership (collateralized borrowing).
7. Transfer transactions.
8. Pledge transactions.
9. Securities borrowing and lending transactions.
10. Settlement of outright and repo transactions as intended in number 1 letter a and number 1 letter b shall be performed under the DVP, while the settlement of transfer, pledge, and borrowing and lending transactions as intended in number 1 letter c, number 1 letter d and number 1 letter e shall be performed under the FoP.
11. The transfer transaction settlement as referred to in number 1 letter c shall be performed in the event of:
    * 1. transfer performed by Securities holder with the same identity;
      2. transfer of Securities ownership in purpose of grant, inheritance, liability redemption, exchange, assignment due to court stipulation and borrowing-lending; and/or
      3. other transactions, such as Securities issuance in private placement or Exchange Traded Fund (ETF), provided that it has obtained the approval of the Department of Finance, the Capital Market and Financial Institutions Supervisory Board (*Badan Pengawas Pasar Modal dan Lembaga Keuangan/Bapepam-LK*) for transactions related to Capital Market, or Bank Indonesia for transactions related to banking.
12. Settlement of Securities transactions through BI-SSSS as intended in number 1 shall be performed under the matching principle, in which the settlement instruction data being input and transmitted by both Members to the Organizer must match to one another*.*
13. In the event that the transaction settlement instruction data of a Member does not matched because the data of the counterparty are not compatible or has not been received in the SCC, the settlement instruction data will enter the Queue System.
14. The Queue System in the BI-SSSS shall be in accordance with the following provisions:
    * 1. Settlement of Securities transactions in the Queue System shall be performed under the FAFO Method.
      2. The Organizer shall determine a time limit for the settlement instruction data to remain in the Queue System because the data has not matched or has matched but still waiting for the balance to be adequate. Currently, the Queue System is set for no longer than 4 (four) hours.
      3. After the period of 4 (four) hours in the Queue System, the settlement instruction data shall be cancelled by the system.
      4. In the event that the Members wish to resume the cancelled settlement instruction as intended in letter c, the aforementioned Members must re-input and re-transmit the aforementioned settlement instruction data to the Organizer.
15. After the Securities transaction settlement instruction data of both Members have matched, the system shall perform the following processes:
    1. In the event that the balance of Securities Account of the Members is sufficient, the following procedure shall be performed:

1) For transaction settlement under the DVP, the Fund Settlement instruction shall be processed in the BI-RTGS System, as follows:

* 1. In the event that the Fund Settlement in the the BI-RTGS System has been successful or has obtained the completed status, the Securities Settlement shall be performed by debiting the Securities Account of the seller and crediting the Securities Account of the buyer in the amount of the nominal value of the Securities being transacted.

a) In …

* 1. In the event that the balance of the Giro Account of Bank Member or Paying Bank designated by the Sub-Registry is insufficient for Fund Settlement up to the cut-off warning time, the system shall cancel the Securities transaction settlement.

2) For transaction settlement under the FoP, the Securities Settlement process shall be performed by debiting the Securities Account of the seller and crediting the Securities Account of the buyer in the amount of the nominal value of the Securities being transacted.

* 1. In the event that the balance of the Securities Account of the Member is insufficient, the transaction will enter the Queue System.

1. Members shall transmit the Securities transaction settlement instruction data through BI-SSSS based on an instruction letter of bookkeeping or transfer of Securities in the format as determined by each Member.
2. Members may correct any error and/or cancel any Securities transaction settlement instruction that has been transmitted to the Organizer under the following procedure:

a. Settlement pending status

1. The settlement instruction may be unilaterally cancelled by a Member in the event that the relevant data have not matched the data of the counterparty.
2. The settlement instruction may be cancelled by any Member under the agreement of both parties in the event that the relevant data have matched but still remain in the Queue System.

b. Settlement completed status

Any Member may correct or cancel Securities transaction settlement by contacting its counterparty directly or through the Organizer to transmit together the correct settlement data to the SCC.

1. Members may transmit future dated transactions for a value date of settlement by no later than 7 (seven) days as of the date of transmission of the Securities transaction settlement instruction data to the SCC.
2. The BI-SSSS shall perform the settlement of Securities transactions in the secondary market based on transaction settlement instruction data transmitted by Members through the ST for Securities transactions as intended in number 1.
3. Securities Transaction Settlement

1. Outright Transaction Settlement (Sale)

Members shall perform the settlement of Securities outright (sale) transaction under DVP through the SSTS Construct Sales/Transfer menu under the following procedures:

1. Members as the seller and the buyer shall input the data on outright (sale) transaction settlement instruction into their respective STs.
2. After the Members perform the approval process, the transaction settlement instruction data shall be transmitted to the SCC.
3. After the SCC receives the transaction settlement instruction data from both Members, the system shall perform the data matching process.
4. If the transaction settlement instruction data have matched, the system shall perform the process as intended in point A.7.a.1) and point A.7.b.
5. Members shall receive information on the outright transaction settlement results from the Organizer through the ST that may be printed as a Computer Output.
6. In addition to Computer Output, information on outright transaction settlement results may also be viewed through the Supervisory-Securities Holding Enquiry by Member menu*.*

f. In …

2. Repo Transaction Settlement with Transfer of Ownership (Sell-Buyback)

Members shall perform the settlement of sell-buyback repo transaction under DVP through the SSTS Construct Repo/Pledge menu under the following procedures:

1. Members as the repo seller and the repo buyer shall input the data on repo transaction settlement instruction into their respective STs.
2. After the Members perform the approval process, the transaction settlement instruction data shall be transmitted to the SCC.
3. After the SCC receives the transaction settlement instruction data from both Members, the system shall perform the data matching process.
4. If the transaction settlement instruction data have matched, the system shall perform the process as intended in point A.7.a.1) and point A.7.b.
5. On the repo maturity (second-leg repo), the following provisions shall apply:
   * 1. Settlement of the second-leg repo transaction shall be performed by the system at the beginning of the day upon the opening of the BI-SSSS.
     2. In the event that the repo buyer’s Securities Account balance is sufficient, the BI-RTGS System shall process the Fund Settlement.
     3. In the event that the balance of the Giro Account of the Bank Member or the Paying Bank of the seller is sufficient, the BI-RTGS System shall perform the Fund Settlement by debiting the Giro Account of the Bank Member or the Paying Bank of the seller and crediting the Giro Account of the Bank Member or the Paying Bank of the buyer in the amount of the value of the second-leg repo transaction proceeds.
     4. After the Fund Settlement in the BI-RTGS System as intended in number 3) had been successful and has obtained the completed status, the BI-SSSS shall perform the settlement of Securities transaction by debiting the Securities Account of the buyer and crediting the Securities Account of the seller in the amount of the nominal value of the Securities being transacted.
     5. In the event that the balance of the Securities Account of the buyer is insufficient for the Securities transaction settlement up to the Queue System time limit,or the balance of the Giro Account of Bank Member or the Paying Bank of the seller is insufficient for Fund Settlement up to the cut-off warning time, the system shall cancel the second-leg repo transaction settlement.
     6. In the event that the second-leg repo transaction settlement is cancelled as intended in number 5), the first-leg repo transaction settlement shall be considered as an outright transaction settlement.
6. In the event that the second-leg repo transaction settlement is performed before the maturity date (early termination), Members, both the seller and the buyer, through the Construct SSTS Early Termination menu, shall perform the following:
   * 1. Transmit the data on the change in maturity date to the SCC.
     2. After the data have matched, the system shall perform the transaction settlement under the procedure as intended in letter e.
7. Members shall receive information on the repo transaction settlement results from the Organizer through the ST that may be printed as a Computer Output.
8. In addition to Computer Output, information on repo transaction settlement results may also be viewed through the Supervisory-Securities Holding Enquiry by Member menu*.*

3. Repo Transaction Settlement Without Any Transfer of Ownership (Repo Collateralized Borrowing)

Members shall perform the settlement of repo collateralized borrowing transaction under DVP using the SSTS Construct Repo/Pledge menu under the following procedures:

1. Members as the repo seller and the repo buyer shall input the repo transaction settlement data into their respective STs.
2. After the Members perform the approval process, the transaction settlement instruction data shall be transmitted to the SCC Organizer system.
3. After the SCC receives the transaction settlement instruction data from both Members, the system shall perform the data matching process.
4. In the event that the transaction settlement instruction data have matched and the balance of Securities Account of the seller is sufficient, the BI-RTGS System shall process the Fund Settlement.
5. In the event that the balance of the Giro Account of the Bank Member or Paying Bank is sufficient, the BI-RTGS System shall perform Fund Settlement by debiting the Giro Account of the Bank Member or the Paying Bank of the buyer and crediting the Giro Account of the Bank Member or the Paying Bank of the seller in the amount of the value of transaction proceeds.
6. After the Fund Settlement in the BI-RTGS System as intended in letter e had been successful and has obtained the completed status, the BI-SSSS shall perform the transfer of Securities registration in the amount of the nominal value of the Securities under repo by:
7. Debiting the active sub-account and crediting the CB-Out sub-account in the Securities Account of the seller.
8. Recording the addition of CB-In sub-accounts in the Securities Account of the buyer. Recording in the CB-In sub-accounts shall not increase the Securities ownership position of the buyer.
9. In the event that the balance of the Securities Account of the seller in BI-SSSS is insufficient for Securities transaction settlement up to the Queue System time limit or the balance of the Giro Account of the Bank Member or the Paying Bank of the buyer is insufficient for Fund Settlement up to the cut-off warning time, the system shall cancel the repo Securities transaction settlement.
10. On the repo maturity (second-leg repo), the following provisions shall apply:
11. The second-leg repo transaction settlement shall be performed by the system at the beginning of the day upon the opening of BI-SSSS.
12. In the event that the balance of the Giro Account of the Bank or the Paying Bank of the seller is sufficient, the BI-RTGS System shall perform the Fund Settlement by debiting the Giro Account of the Bank Member or the Paying Bank of the seller and crediting the Giro Account of the Bank or the Paying Bank of the buyer in the amount of the value of the second-leg repo transaction proceeds.
13. After the Fund Settlement in the BI-RTGS System as intended in letter 2) had been successful and has obtained the completed status, the I-SSSS shall perform the Securities Settlement in the amount of the nominal value of the Securities under repo as follows:
14. Debiting CB-Out sub-accounts and crediting active sub-accounts in the amount of the nominal value of the Securities under repo in the Securities Account of the seller.
15. Recording the reduction in CB-In sub-accounts in the Securities Account of the buyer.
16. In the event that the balance of the Giro Account of the Bank Member or the Paying Bank of the seller with the BI-RTGS System is insufficient for the Fund Settlement up to the cut-off warning time, the system shall cancel the second-leg repo transaction settlement.
17. In the event that the second-leg repo transaction settlement is cancelled as intended in number 4), the system shall perform the Securities Settlement by debiting the Securities Account of the seller and crediting the Securities Account of the buyer in the amount of the nominal value of the Securities under repo.
18. In the event that the second-leg repo transaction settlement is to be be performed before the maturity date (early termination), Members, both the seller and the buyer, through the Construct SSTS Early Termination menu, shall perform the following:

1) Transmit the data on change in maturity date to the SCC.

* 1. After the data have matched, the system shall perform the transaction settlement under the procedure as intended in letter h.

1. Members shall receive information on the repo transaction settlement results from the Organizer through the ST that may be printed as a Computer Output.
2. In addition to Computer Output, information on repo transaction settlement results may also be viewed through the Supervisory-Securities Holding Enquiry by Member menu*.*

4. Transfer Transaction Settlement

Members shall perform the settlement of Securities transfer transaction under the FoP using the SSTS Construct Sales/Transfer menu under the following procedures:

* 1. Members as the seller and the buyer shall input the transfer transaction settlement data into their respective STs.
  2. After the Members perform the approval process, the settlement data shall be transmitted to the SCC.
  3. After the SCC receive the transaction settlement instruction data from both Members, the system shall perform the data matching process.
  4. In the event that the settlement instruction data have matched and the balance of Securities Account of the transferor is sufficient, the BI-SSSS shall perform the Securities transaction settlement by debiting the Securities Account of the transferor and crediting the Securities Account of the transferee in the amount of the nominal value of the transferred Securities.
  5. In the event that the Securities Account balance of the transferor is insufficient for the settlement of the Securities transaction up to the Queue System time limit, the system shall cancel the Securities Transfer Transaction Settlement.
  6. Members shall receive information on the settlement results from the Organizer through the ST that may be printed as a Computer Output.
  7. In addition to Computer Output, information on the Transfer Transaction Settlement results may also be viewed through the Supervisory-Securities Holding Enquiry by Member menu*.*
  8. In the input of settlement data as intended in letter a, Members must include the information on the type and price of transaction.
  9. The requirement to specify the price as intended in letter h shall be excluded for FoP transaction settlement in grants or inheritances.

5. Pledge Transaction Settlement

Members …

Members shall perform the settlement of Securities pledge transaction under the FoP using the SSTS Construct Repo/Pledge menu under the following procedures:

* 1. Members as the pledgor (seller) and the pledgee (buyer) of Securities shall input the pledge transaction settlement data into their respective STs.
  2. After the Members perform the approval process, the pledge transaction settlement data shall be transmitted to the SCC.
  3. After the SCC receive the pledge transaction settlement data from both parties, the system shall perform the data matching process.
  4. In the event that the pledge transaction settlement data have matched and the balance of Securities Account of the pledgor is sufficient, the system shall perform the pledge transaction settlement in the amount of the nominal value of the collateralized Securities by:

1. Debiting the active sub-account and crediting the pledge-out sub-account in the Securities Account of the pledgor.
2. Crediting the pledge-in sub-account in the Securities Account of the pledgee. Recording in the pledge-in sub-account shall not increase the Securities ownership position of the pledgee.
   1. In the event that the Securities Account balance of the pledgor is insufficient for the Securities Settlement up to the Queue System time limit, the system shall cancel the Securities pledge settlement.
   2. On the pledge maturity, the second-leg pledge transaction settlement in the amount of the nominal value of collateralized Securities shall be performed at the beginning of the day upon the opening of BI-SSSS under the following procedures:
      1. Debiting the pledge-out sub-account and crediting the active sub-account in the Securities Account of the pledgor.
      2. Recording reduction in pledge-in sub-account in the Securities Account of the pledgee.

g. During …

* 1. During the pledging period, the pledgor shall not be able to unilaterally utilize the Securities for any other purpose or to transfer the Securities registration from the pledge-out sub-account to the active sub-account without approval of the pledgee.
  2. In the event that the second-leg pledge transaction settlement is to be performed before the maturity date (early termination), Members of BI-SSSS, both the pledgor and the pledge, through the Construct SSTS Early Termination menu, shall perform the following:

1. Transmit the data on change in maturity date to the SCC.
2. After the data have matched, on the value date as agreed, the system shall perform the transaction settlement under the procedure as intended in letter f.
   1. Members shall receive information on the settlement results from the Organizer through the ST that may be printed as a Computer Output.
   2. In addition to Computer Output, information on pledge transaction settlement results can also be viewed through the Supervisory-Securities Holding Enquiry by Member menu*.*
   3. In the event that the Sub-Registry performs the settlement of a Securities pledge transaction for and on behalf of a client which is registered in its internal system, the Sub-Registry must issue:
3. Certificate of Collateralized Securities (*Surat Keterangan Surat Berharga yang Diagunkan-*SKSD) as the evidence of pledge registration for the client or any other pledgee; and
4. Confirmation on Securities Registration (*Konfirmasi Pencatatan Surat Berharga-*KPS) which contains information on the transfer and change of Securities ownership registration, including collateral registration, for pledgor client.

6. Securities Borrowing and Lending Transaction Settlement

Members shall perform the settlement of Securities borrowing and lending transactions under FoP using the SSTS Construct Securities Borrowing and Lending (SBL) menu under the following procedures:

1. Members as the borrower and the lender shall input the SBL transaction settlement data into their respective STs.
2. After the Members perform the approval process, the SBL transaction settlement data shall be transmitted to the SCC.
3. After the SCC receive the transaction settlement instruction data from both parties of the transaction, the system shall perform the data matching process.
4. In the event that the transaction settlement data have matched and the Securities Account balance of each Member is sufficient, the Securities exchange Settlement shall be performed on the Securities Accounts by:
   1. Debiting the Securities Account of the borrower and crediting the Securities Account of the lender in the amount of the nominal value of the Securities collateralized by the borrower.
   2. Debiting the Securities Account of the lender and crediting the Securities Account of the borrower in the amount of the nominal value of the Securities lent.
5. In the event that the balance of the Securities Account of the borrower or the lender with BI-SSSS is insufficient up to the Queue System time limit, the system shall cancel the SBL transaction settlement.
6. Upon the SBL maturity (second-leg SBL), the following provisions shall apply:
7. The second-leg SBL transaction settlement shall be performed by the system at the beginning of the day upon the opening of BI-SSSS.

2) In …

1. In the event that the Securities Account balance of both the borrower and the lender are sufficient, the BI-RTGS System shall perform the Fund Settlement for payment of lending fee.
2. In the event that the balance of the Giro Account of the Bank Member or the Paying Bank is sufficient, the BI-RTGS System shall perform Fund Settlement by debiting the Giro Account of the Bank Member or the Paying Bank of the borrower and crediting the Giro Deposit Account of the lender in the amount of the value of lending fee.
3. After the Fund Settlement in the BI-RTGS System as intended in number 3) has been successful and has obtained the completed status, BI-SSSS shall perform Securities Settlement by:
4. Debiting the Securities Account of the borrower and crediting the Securities Account of the lender in the amount of the nominal value of the Securities lent.
5. Debiting the Securities Account of the lender and crediting the Securities Account of the borrower in the amount of the nominal value of the collateralized Securities.
6. In the event that the balance of the Securities Account of the borrower or the lender with BI-SSSS is insufficient for the Securities Settlement or the balance of Giro Account of the Bank or the Paying Bank of the borrower with the BI-RTGS System is insufficient for the Fund Settlement up to the cut-off warning time, the system shall cancel the second-leg SBL transaction settlement.
7. In the event that the second-leg SBL transaction settlement is cancelled as intended in number 5), the first-leg SBL transaction settlement shall be considered as the Securities exchange transaction settlement.
8. In the event that the second-leg SBL transaction settlement is to be performed before the maturity date (early termination), Members, both the seller and the buyer, through the Construct SSTS Early Termination menu, shall perform the following:
9. Transmit the data on change in maturity date to the SCC.
10. After the data have matched, on the value date as agreed, the system shall perform the transaction settlement under the procedures as intended in letter f number 1) until letter f number 5).
11. In the event that the second-leg SBL transaction prior to maturity date (early termination) fails, the transaction shall be resumed under the maturity date of the initial agreement.
12. Members shall receive information on settlement results from the Organizer through the ST that may be printed as a Computer Output.
13. In addition to Computer Output, information on the SBL transaction settlement results may also be viewed through the Supervisory-Securities Holding Enquiry by Member menu*.*
14. Procedures for the Cancellation of Second Leg Settlement (Early Termination) by the Organizer
15. The types of Securities transactions in the secondary market having 2 (two) settlement processes, namely the first-leg transaction settlement and the second-leg transaction settlement among other things are repo, pledge, and SBL transactions.
16. In the transaction settlement process as intended in number 1, when the first-leg transaction settlement had been performed successfully, the data on the second-leg transaction settlement instruction shall be simultaneously composed and kept in the system for the process of its settlement at the beginning of the day of the transaction maturity date.

3. For …

1. For the second-leg settlement as intended in number 2 upon the agreement of both Members in the transaction, the date of the second-leg may be advanced (early termination) according to the procedures as intended in points B.2.f, B.3.i, B.5.h and B.6.g.
2. In addition to the early termination by Members as intended in number 3, the Organizer may also cancel the second-leg settlement under the following conditions:
   * + - 1. Request from one of the Members in the transaction based on authority of cancellation of the counterparty Member;
         2. Decision of the authorized supervisory institution obligating the cancellation of the second-leg transaction settlement; or
         3. Stipulation of the court and/or arbitration institution with final legal force obligating the cancellation of the second-leg transaction settlement.
3. In the case of repo collateralized borrowing transaction and pledge transaction*,* the Organizer shall cancel the second-leg settlement as intended in number 4 by moving the Securities from the account of the pledgor or the seller to the account of the pledgee or the buyer.
4. The request for cancellation due to the conditions as intended in number 4 shall be submitted by one of the Members to the Organizer under the following procedures:
5. The Member shall submit a request for early termination to the Organizer as shown in the sample in Appendix E, with the following address:

Bank Indonesia – Directorate of Monetary Management

*c.q.* Monetary Management Transaction Settlement Division

Sjafruddin Prawiranegara Tower, 11th Floor

Jl. M.H. Thamrin No. 2

Jakarta 10350.

b. The …

1. The request as intended in letter a shall be accompanied with supporting documents, namely transaction evidence, power of attorney from the counterparty Member, decision of authorized institution and/or stipulation of the court obligating the cancellation of the second-leg transaction*.*
2. Based on the request as intended in letter a, the Organizer shall perform the procedures for early termination of the relevant transaction.
3. The Organizer shall inform about the implementation of early termination to both parties of Members in the transaction.

BAB X …