



Kliring Penjaminan Efek Indonesia

**DECISION OF THE BOARD OF DIRECTORS OF
PT KLIRING PENJAMINAN EFEK INDONESIA**

Number : Kep-004/DIR/KPEI/0619

Subject Matter : KPEI Regulation Number II-10
regarding Securities Lending and
Borrowing Services

Issuance Date : 20 June 2019

Effective Date : 20 June 2019

Reference : Otoritas Jasa Keuangan Letter
Number: S-650/PM.21/2019, dated 28
May 2019, regarding: Approval on
the Regulation Draft of PT KPEI
Number II-10 regarding Securities
Lending and Borrowing Services

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- Considering : 1. That in order to support the settlement of Securities Exchange Transaction, KPEI as a Clearing and Settlement Institution provides Securities Lending and Borrowing facility services.
2. That KPEI for the purpose of providing optimal services upon Securities Lending and Borrowing facility, has made adjustment to the concerned Securities Lending and Borrowing facility mechanism.
3. That based on the adjustment to Securities Lending and Borrowing facility services mechanism, it is deemed necessary to amend KPEI Regulation Number II-10 regarding Scripless Securities Lending and Borrowing Services as referred to in the Attachment to the Decision of the Board of Directors

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of KPEI Number Kep-009/DIR/KPEI/1107.

- Taking into account :
1. Law Number 8 of 1995 regarding Capital Market (the State Gazette of the Republic of Indonesia Number 64 of 1995, Supplement to the State Gazette of the Republic of Indonesia Number 3608 of 1995).
 2. Government Regulation Number 45 of 1995 regarding Implementation of the Capital Market Activities (the State Gazette of the Republic of Indonesia Number 86 of 1995, Supplement to the State Gazette of the Republic of Indonesia Number 3617 of 1995).
 3. Decision of the Chairman of Bapepam Number Kep-23/PM/1997, dated 26 June 1997, regarding Granting of Preliminary License as a Clearing and Guarantee

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Institution to PT Kliring
Penjaminan Efek Indonesia.

4. Decision of the Chairman of
Bapepam Number Kep-26/PM/1998,
dated 1 June 1998, regarding
Granting of Business License as a
Clearing and Guarantee
Institution to PT Kliring
Penjaminan Efek Indonesia.

5. Decision of the Board of Directors
of KPEI Number Kep-
009/DIR/KPEI/1107, dated 14
November 2007, regarding
Scripless Securities Lending and
Borrowing Services.

6. Otoritas Jasa Keuangan Regulation
Number 26/POJK.04/2014 regarding
Securities Exchange Transaction
Settlement Guarantee.

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7. Otoritas Jasa Keuangan Regulation Number 47/POJK.04/2016 regarding Rule Making Procedure by Clearing and Guarantee Institution.
8. Articles of Association of PT Kliring Penjaminan Efek Indonesia.

HAS DECIDED

To stipulate:

1. KPEI Regulation Number II-10 regarding Securities Lending and Borrowing Services.

2. With respect to the application of this Decision, therefore KPEI Regulation Number II-10 regarding Scripless Securities Lending and Borrowing Services, the Attachment to Decision of the Board of Directors of PT Kliring Penjaminan Efek Indonesia, Number

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Kep-009/DIR/KPEI/1107, dated 14 November 2007, is declared no longer effective.

3. This Decision is effective on the date it is issued provided that all and everything shall be amended and corrected accordingly if in the future it turns out that it needs perfection or there is a mistake in this stipulation.

Stipulated in : Jakarta

On : 20 June 2019

[signed]

[signed]

[signed]

Sunandar

Umi Kulsum

Iding Pardi

President Director

Director

Director

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ATTACHMENT to

Decision of the Board of Directors of

PT Kliring Penjaminan Efek Indonesia

Number: Kep-004/DIR/KPEI/0619

Dated: 20-06-2019

REGULATION NUMBER II-10

SECURITIES LENDING AND BORROWING SERVICES

I. DEFINITION

In this Regulation, what is meant by:

I.1. **Collateral** shall be fund, Securities, and/or other financial instruments owned by a Clearing Member as guarantee which can be used by Clearing and Guarantee Institution to settle any Securities Exchange Transaction and/or to settle any obligation of Clearing Member to Clearing and Guarantee Institution as provided for in Article 1 Number 7 of Otoritas Jasa Keuangan Regulation Number 26/POJK.04/2014 Regarding

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Securities Exchange Transaction Settlement
Guarantee.

I.2. **KPEI** shall be PT Kliring Penjaminan Efek
Indonesia.

I.3. **KSEI** shall be PT Kustodian Sentral Efek
Indonesia.

I.4. **Corporate Action**, hereinafter shall be
referred to as "**Corporate Action**" is any
action of Securities Issuer related to the
granting of rights upon Securities ownership
to Securities Holder as provided for in the
provision of Point 3.7 of KSEI Regulation
regarding Central Custodian Services.

I.5. **Lender** shall be a Clearing Member, Custodian
Bank and/or any other party who has been
approved by Otoritas Jasa Keuangan and has
complied with the requirements determined by
KPEI and has signed Securities Lending and
Borrowing Agreement.

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I.6. **Borrower** shall be a Clearing Member who has met the requirements determined by KPEI and has signed a Securities Lending and Borrowing Agreement.

I.7. **Securities Lending and Borrowing Agreement** shall be an agreement entered into and executed by KPEI and Clearing Member or any other party agreed upon by Otoritas Jasa Keuangan, related to the implementation of Securities Lending and Borrowing.

I.8. **Securities Lending and Borrowing** shall be a securities lending and borrowing activity between Lender and KPEI as Borrower or between KPEI as Lender and any party requiring Securities as Borrower by submitting Collateral for the purpose of supporting Securities Exchange Transaction activity.

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I.9. **Handover Main Securities Account,**
hereinafter shall be referred to as "Main
Securities Account 002" is the main
Securities account owned by KSEI participant
which is a Clearing Member or a Settlement
Agent, to deliver and/or receive Securities
and/or fund to or from KPEI related to
Securities Exchange Transaction settlement.

I.10. **Main Securities Account of Borrower for
Securities Lending and Borrowing,**
hereinafter shall be referred to as "Main
Securities Account 003" is the main
Securities account used by Clearing Member
and/or any other parties who have obtained
approval from KPEI, for Securities return
and receipt of fund related to Securities
Lending and Borrowing transaction at KPEI.

I.11. **Main Securities Account of Lender for
Securities Lending and Borrowing,**
hereinafter shall be referred to as "Main
Securities Account 005" is the main

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Securities account used by Clearing Member, Custodian Bank or any other parties who have obtained approval from KPEI to place Securities to be lent and/or to receive Securities return borrowed in relation to Securities Lending and Borrowing transaction at KPEI.

I.12. **Guarantee Main Securities Account**, hereinafter shall be referred to as "Main Securities Account 004" is the main Securities account used by Clearing Member to place Collateral in the form of Securities and/or fund which can be used by KPEI to settle Securities Exchange Transaction and/or to settle any obligation of the Clearing Member to KPEI.

I.13. **KPEI's Securities Lending and Borrowing Account** shall be a Securities Account used by KPEI to receive Securities and/or fund of Lender for Securities Lending and Borrowing purposes.

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I.14. **Lender's Securities Sub Account for Securities Lending and Borrowing**, hereinafter shall be referred to as "Securities Sub Account 005", is a Securities Sub Account used by a customer as the holder of KSEI account who has obtained approval from KPEI, to place Securities to be borrowed related to Securities lending and borrowing transaction at KPEI.

I.15. **Borrowing Effective Date** shall be the date on which the borrowed Securities are overbooked to Main Securities Account 002 of Borrower.

I.16. **Effective Date of Loan Return** shall be the date on which the borrowed Securities are overbooked to Main Securities Account 005 of Lender.

II. Conditions/Requirements for Lender and Borrower in Conducting Securities Lending and Borrowing

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The party conducting Securities Lending and Borrowing is obliged to comply with the following requirements:

II.1. it is an Indonesian legal entity or a legal entity which is subject to the prevailing laws and regulations in Indonesia;

II.2. it has signed a Securities Lending and Borrowing Agreement;

II.3. it has Main Securities Account 005 and/or Main Securities Account 003;

II.4. it has a system to support Securities Lending and Borrowing operation in accordance with the requirements stipulated by KPEI and ensuring that the system can function properly;

II.5. it performs Securities Lending and Borrowing under the mechanism as provided for in KPEI

Regulation and Securities Lending and
Borrowing Agreement.

III. Term of Securities Lending

Term of Securities Lending and Borrowing shall be stipulated in Securities Lending and Borrowing Agreement.

IV. Collateral of Securities Lending and Borrowing

Securities Lending and Borrowing must comply with the provisions regarding Collateral, as follows:

IV.1. the form and type of Collateral in a Securities Lending and Borrowing is stipulated by KPEI as referred to in KPEI Regulation Number II-12 regarding Collateral Placement for Securities Exchange Transaction on equity securities and Participation Unit of Investment Product in the Form of Collective Investment Contract and Securities Lending and Borrowing.

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IV.2. the amount of Collateral in Securities Lending and Borrowing shall be stipulated based on the risk calculation as referred to in KPEI Regulation Number II-13 regarding Securities Exchange Transaction Risk Calculation and KPEI Circular Letter regarding Risk Parameter.

IV.3. in the event that the Collateral value is decreasing to a limit as determined due to any price changes of the borrowed Securities, Borrower must add Collateral to KPEI.

V. Rights and obligations of Lender

V.1. Lender is entitled to:

V.1.1. receive return of Securities lent, on Effective Date of Loan Return or at any other time as stipulated in Securities Lending and Borrowing

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Agreement. Securities Return is performed with the same type, amount and classification as those of Securities lent and/or rights attached to the said Securities;

V.1.2. receive a Securities lending services fee, the amount of which is stipulated in Securities Lending and Borrowing Agreement;

V.1.3. at any time, to withdraw Securities lent to KPEI, before the lapse of the maximum period as referred to in a Securities Lending and Borrowing Agreement;

V.1.4. receive reports from KPEI regarding daily status of Securities lent.

V.2. Lender must:

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V.2.1. provide Securities to be lent in Main Securities Account 005 or Securities Sub Account 005;

V.2.2. provide a standing instruction to KPEI to overbook Securities from Main Securities Account 005 and/or Sub Account 005 to KPEI's Securities Lending and Borrowing Account.

V.2.3. deliver Securities withdrawal instruction to KPEI, in the event that Lender intends to exercise rights attached to Securities that is limited to voting rights, preemptive rights, warrants, tender offers.

VI. Obligations and Rights of Borrower

VI.1. Borrower is entitled to:

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VI.1.1. obtain Securities loan borrowed at the requested time if it has met the requirement as stipulated in this Regulation by taking into account to the availability of the borrowed Securities;

VI.1.2. withdraw Collateral of Securities Lending and Borrowing and, at the time Borrower has returned the Securities borrowed to the extent that there is a free Collateral.

VI.2. Borrower must:

VI.2.1. provide Collateral for Securities Lending and Borrowing as referred to in provision IV of this Regulation at the time of conducting Securities borrowing in accordance with a Securities Lending and Borrowing Agreement;

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VI.2.2. return Securities with the same type, amount and classification as those of Securities borrowed, at the maturity date of Securities Lending and Borrowing or at any other time as stipulated in a Securities Lending and Borrowing Agreement;

VI.2.3. overbook Securities borrowed to Main Securities Account 003 at the time of return;

VI.2.4. fulfill the rights attached to Securities borrowed arising as a result of Corporate Action, which is limited to Securities dividend, cash dividend, Securities bonus and cash bonus;

VI.2.5. pay a Securities Lending and Borrowing Services fee to KPEI which amount, time and procedure of payment thereof shall be in

accordance with a Securities Lending
and Borrowing Agreement.

VII. Procedures of Securities Lending and Borrowing

VII.1. Procedures of Securities Lending Provision:

VII.1.1. Lender shall give instruction to
overbook Securities from its
Securities Account to Main
Securities Account 005 and/or
Securities Sub Account 005.

VII.1.2. Securities Lending and Borrowing
is declared effective after
Securities overbooking occurs
from Main Securities Account 005
and/or Securities Sub Account
005.

VII.2. Procedures of Securities Borrowing

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VII.2.1. Borrower shall submit a Securities borrowing application to KPEI.

VIII.2.2. KPEI shall grant approval for Securities lending application pursuant to the examination result on the availability of Securities to be borrowed, the adequacy of Collateral as referred to in provision IV.2 and based on to the result of risk profile analysis of Securities Lending and Borrowing.

VII.2.3. Securities Lending and Borrowing is declared effective at the time KPEI overbooks Securities to Main Securities Account 002.

VII.2.4. If the Securities borrowing application does not meet the

provisions as stipulated in KPEI Regulation and in a Securities Lending and Borrowing Agreement, KPEI shall reject and notify Borrower regarding such rejection at the latest on the date on which Borrowing would be Effective.

VII.3. Procedures For Securities Withdrawal Before Maturity Date (Recall)

VII.3.1 Lender may only request the return of Securities lent to KPEI by submitting a Securities withdrawal application, as referred to in a Securities Lending and Borrowing Agreement.

VII.3.2. Lender must submit a Securities withdrawal instruction as referred to in provision V.2.3, the procedure of which is

further provided for in Securities Lending and Borrowing Agreement.

VII.4. Procedures for Securities Return Before Maturity Date (Close-out)

Borrower may return Securities according to the same type, amount and classification as those of the Securities borrowed before maturity by giving a Securities return instruction.

VII.5. Procedures of the Fulfillment of Rights Attached to Securities Borrowed

VII.5.1. KPEI shall provide invoices to Borrower for the rights attached to Securities borrowed which include Securities dividend, cash dividend, Securities bonus, and cash bonus as of 1 (one) day after the listing date, namely

the date stipulated by Securities Issuer as the basis for determining rights attached to Securities.

VII.5.2. Borrower must fulfill the rights attached to Securities borrowed as referred to in provision VII.5.1 no later than 1 (one) day prior to Corporate Action performance date in accordance with procedures as stipulated in a Securities Lending and Borrowing Agreement.

VII.5.3. KPEI shall transfer the rights attached to Securities borrowed as referred to in provision number VII.5.1 to Lender on Corporate Action performance date in accordance with procedures as stipulated in

Securities Lending and Borrowing
Agreement.

**VIII. Failure of Securities Return and Rights Attached to
Securities**

VIII.1. If Borrower is unable to return Securities in the same type, amount and classification as those of Securities borrowed, and/or cash dividend, Securities dividend, and Securities bonus at the stipulated time, Borrower shall be declared to have failed to return.

VIII.2. Deadline for of Securities return for loan is at 14.00 WIB by Borrower to KPEI and the delivery of loan securities from KPEI to Lender is at 14.30 WIB.

VIII.3. In the event of failure to return as referred to in provision VIII.1, then the following provisions shall be applied to Borrower:

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VIII.3.1. upon the request of Borrower, KPEI shall exercise and/or sell Collateral owned by Borrower as settlement of failure to return Securities in the same type, amount and classification as those of Securities borrowed, Securities bonus, Securities dividend or cash dividend of which Lender would otherwise receive in accordance with procedures as stipulated in a Securities Lending and Borrowing Agreement.

VIII.3.2. In the event that the application and/or sale of Collateral of Borrower by KPEI is unable for settling the failure to return Securities in the same type, amount and classification as those of Securities borrowed,

replacement/substituting
dividend in the form of
Securities bonus or Securities
dividend for which Lender would
otherwise receive and Borrower
is unable to deliver Securities
to KPEI, Borrower shall be
subject to a sanction to pay
compensation for damages on the
failure to return Securities,
which amount thereof shall be
determined in a Securities
Borrowing and Lending Agreement.

VIII.3.3. Borrower shall be declared to be
in default if any of the
following occurs:

VIII.3.3.1. Borrower does not
pay compensation
for damages as
referred to in

provision

VIII.3.2; and

VIII.3.3.2. the application of

Borrower's

Collateral is not

sufficient for

return of

compensation for

damages either in

part or entirely

and/or the

fulfillment of

cash dividend to

Lender,

then the provision of Securities

Exchange Transaction Settlement

Guarantee as provided for in

Otoritas Jasa Keuangan Regulation

Number 26/POJK.04/2014 regarding

Securities Exchange Transaction

Settlement Guarantee shall apply.

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VIII.4. In the event of failure to return Securities, and Borrower has paid compensation for damages for the failure to return Securities, Borrower shall not receive any of Securities Lending and Borrowing services from KPEI as of the date of such failure as follows:

VIII.4.1. imposition on the first Return Failure = 1 month Calendar Day suspension;

VIII.4.2. imposition on the second Return Failure = 2-months Calendar Day suspension;

VIII.4.3. imposition on the third Return Failure = 3-months Calendar Day suspension;

VIII.4.4. imposition on the fourth Return Failure = membership of

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Securities Lending and Borrowing
shall be revoked;

VIII.4.5. in the event that a Calendar Day
falls on a Holiday, then the
suspension shall be lifted up
(*dibuka*) on the following
calendar day.

VIII.5. Borrower must return all other borrowed
Securities which have not been due at the
latest 5 (five) Exchange Days after Borrower
is declared failed for return.

VIII.6. If Borrower is unable to return all other
borrowed Securities which have not been due
at the latest 5 (five) Exchange Days after
failure to return Securities, the provisions
in provision VIII.4 of this Regulation shall
apply and shall be calculated cumulatively
with the outstanding previous failure.

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VIII.7. KPEI shall provide recommendation to Stock Exchange that upon Clearing Member as Loan Recipient who has entered the fourth Return Failure phase as referred to in number VIII.4.4 to be removed from the List of Exchange Members who have obtained approval for Margin Transaction and/or Short Selling Transaction.

Stipulated in Jakarta, dated 20-06-2019

[*signed*]

[*signed*]

[*signed*]

Sunandar

Umim Kulsum

Iding Pardi

President Director

Director

Director

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