

To

Jakarta, September 6th, 2016

The Board of Directors/

The Principal of KSEI Participant

In Place of Domicile

Circular Letter

NO.SE-0003/DIR-EKS/KSEI/0916

Regarding : **Reporting and Settlement Mechanism on Repurchase Agreement (Repo) Transaction**

For the purpose of completing the need in the reporting and settlement process on Repurchase Agreement Transaction (“Repo Transaction”) by the Participant to KSEI as a compliance with the implementation of Regulation of KSEI Number V-G regarding the Reporting and Settlement of Repo Transaction (Attachment to the Decree of the Board of Directors of PT Kustodian Sentral Efek Indonesia Number: KEP-0036/DIR/KSEI/1215) dated December 17th, 2015, is necessary to make an adjustment to the module on reporting and monitoring of Repo Transaction at ORCHiD system. Hereby we convey those matters that need to be considered in the reporting and settlement process on Repo Transaction mechanism as follows:

1. General Provision

In reporting Repo Transaction, the seller Participant shall submit the Repo Transaction reporting first and the buyer Participant shall make confirmation over the said reporting into ORCHiD system before submitting Repo Transaction settlement instruction at C-BEST.

2. Type of Instruction

Types of instruction submitted in the Repo Transaction Reporting into ORCHiD system are as follows:

- a) Repo Transaction on Repo Opening Transaction.

- b) Addition to Securities or funds in Repo Transaction upon the same contract number using Top Up instruction in ORCHiD system.
- c) Reduction of Securities or funds in Repo Transaction upon the same contract number using Withdrawal instruction in ORCHiD system.
- d) Substitution of Securities at Repo Transaction upon the same contract number using Substitution instruction in ORCHiD system.
- e) The replacement of maturity date Repo Transaction upon the same contract number, either accelerated or extended, using Trade Adjustment instruction in ORCHiD system.
- f) Cancellation of Repo Opening Transaction reporting upon the same contract number using Cancellation instruction in ORCHiD system.
- g) On the maturity date of Repo Transaction, ORCHiD system shall automatically generate a Repo Closing Transaction reporting and it shall be confirmed by the Participant of both parties.

3. Reporting Mechanism of Repo Transaction

In relation to Repo Transaction made either by the Participant or the Client, the said Repo Transaction reporting shall be made by the Participant by the following procedures:

- a) Reporting of Repo Transaction is made through the ORCHiD system with 'Repo' menu.
- b) Instruction of Repo Transaction reporting shall be made by the seller Participant and it shall be confirmed by the buyer Participant.
- c) To make Repo Transaction reporting, the Participant shall make input into Repo Opening Transaction menu.

- d) The Participant shall complete all information related to Repo Transaction in the column available in the Repo Opening Transaction function pursuant to the related Repo Transaction contract.
- e) The Participant shall to ensure that each of written agreement on Repo Transaction has a contract number as a basis for Repo Transaction.
- f) Any change to Repo Transaction upon the same contract number related to the mechanism of Securities addition (Top Up), Securities reduction (Withdrawal), Securities substitution (Substitution) and the change of maturity date (Trade Adjustment) may be reported through ORCHiD system by the Participant as long as Repo Transaction has not been matured.
- g) Cancellation of Repo Opening Transaction reporting at ORCHiD system shall be made before the Participant makes the Repo Transaction settlement process (Repo Opening Transaction) at C-BEST.
- h) The change of Repo Transaction at ORCHiD system may be made through function of:
 - Cancellation: used to cancel the Repo Opening Transaction reporting.
 - Top Up/Withdrawal: used to add or reduce Securities or fund.
 - Substitution: used to substitute Securities.
 - Trade Adjustment: used to change the maturity date of the Repo Closing Transaction, either its contract period is accelerated or slowed down.
- i) The change of maturity date (Trade Adjustment) may only be made at the latest 12.00 pm Indonesia Western Time on 1 (one) Business Day before maturity date.
- j) Reporting of Repo Closing Transaction shall be generated automatically by the ORCHiD system on the maturity date which is mentioned at the time of Repo Transaction reporting is made. The Participant, either the seller Participant or the buyer Participant, shall confirm the termination report on the said Repo Transaction. Confirmation on the termination report on the

Repo Transaction may be made through ORCHiD system by the Confirmation Repo Closing function.

- k) In the event the maturity date of Repo Transaction is not mentioned at the time of reporting of the Repo Opening Transaction, the reporting on Repo Transaction termination shall be made manually. The termination of Repo Transaction shall be made at ORCHiD system by Repo Closing Transaction function.
- l) For each reporting of the Repo Transaction in the form of the Repo Opening Transaction, the Securities addition (Top Up), the Securities reduction (Withdrawal), the Securities substitution (Substitution) and the Repo Closing Transaction shall generate reference number (external reference). The said reference number (external reference) shall be used to process the settlement that occurs due to the Repo Transaction at C-BEST.

4. Settlement Mechanism of the Repo Transaction

- a) Repo Transaction settlement through C-BEST is made by using “clearing & settlement” module.
- b) For the Repo Transaction settlement process at C-BEST, the Participant shall use the information which has been reported in the Repo Transaction reporting in ORCHiD system.
- c) The making of settlement instruction may use information in text file (.txt) or excel file (.xls) formats downloaded through the ORCHiD system to be further uploaded or input manually in the C-BEST screen.

- 5. With the enactment of KSEI Board of Directors’ Circular Letter No. SE-0003/DIR-EKS/KSEI/0916 dated September 6th, 2016 regarding Reporting and Settlement Mechanism on Repurchase Agreement (Repo) Transaction, the KSEI Board of Directors’ Circular Letter No. SE-0004/DIR-EKS/KSEI/1215 dated December 22nd, 2015 regarding Reporting and Settlement Mechanism on Repurchase Agreement (Repo) Transaction is revoked and declared no longer valid.**

6. This Circular Letter will be effective as from September 19th, 2016.

Thus we convey the above, thank you for your attention.

Sincerely yours,

PT Kustodian Sentral Efek Indonesia

Friderica Widiasari Dewi

President Director

Syafruddin

Director

Copy to:

1. The Chief Executive of the Capital Market Supervisory of Financial Services Authority (OJK);
2. The Director of Securities Transactions Supervisory of OJK;
3. The Director of Securities Institutions Supervisory of OJK;
4. The Director of Investment Management of OJK;
5. The Director of Capital Market Regulatory of OJK;
6. The Board of Directors of PT. Bursa Efek Indonesia;
7. The Board of Directors of PT Kliring Penjaminan Efek Indonesia;
8. The Indonesian Custodian Bank Association;
9. The Indonesian Securities Company Association; and
10. The Board of Commissioners of KSEI; and
11. The Board of Directors of KSEI.