

**REGULATION OF KSEI NUMBER V-D  
REGARDING  
FREE OF PAYMENT INSTRUCTION**

**1. DEFINITION**

- 1.1 Unless specifically stipulated otherwise, all words and/or terms in this regulation shall have the same meaning as those referred to in the Law of the Republic of Indonesia Number 8 Year 1995 regarding the Capital Market, Law of the Republic of Indonesia Number 21 Year 2011 regarding the Financial Services Authority including all of its amendments and all of its implementing regulations.
- 1.2 In this regulation what is meant by:
- 1.2.1 **Free of Payment** which hereinafter will be referred to as “**FOP**” shall be the Instruction for Overbooking of Securities Without Funds Payment which is used by the Account Holder to give instruction for delivering or receiving Securities without funds payment.
  - 1.2.2 **Account Holder** shall be the Participant and other Party according to the applicable laws and regulations at the Capital Market, whose names are listed as the holders of Main Securities Account.
  - 1.2.3 **Securities** shall be promissory notes, commercial paper, shares, bonds, evidences of indebtedness, Participation Unit of collective investment contract, futures contract related to Securities, and all derivatives of Securities, as referred to in Law regarding the Capital Market.
  - 1.2.4 **PT Kustodian Sentral Efek Indonesia**, which hereinafter will be referred to as “**KSEI**” shall be a company which has obtained business permit from the Financial Services Authority to administer business activity as the Central Securities Depository.
  - 1.2.5 **Securities Account** shall be the account containing records regarding the position of Securities and/or funds registered at KSEI.

- 1.2.6 **Depository Main Securities Account** which hereinafter will be referred to as “**Main Securities Account 001**”, shall be a Main Securities Account used by the Participant or other Party approved by OJK to deposit and to register Securities and/or their own funds or to be used in order to carry out their functions pursuant to the prevailing laws and regulations.
- 1.2.7 **Depository Securities Sub-Account** which hereinafter will be referred to as “**Securities Sub-Account 001**”, shall be a Securities Sub-Account to be used by the Participant to deposit and to register Securities and/or the funds owned by the Client.
- 1.2.8 **Regulation of KSEI** shall be the regulation issued by KSEI and will start to be effective upon obtaining approval from OJK, including its implementing regulations issued by KSEI from time to time.
- 1.2.9 **Participant** shall be the Securities Company or Custodian Bank which has opened Main Securities Account at KSEI.
- 1.2.10 **Exchange Transaction** shall be a contract drawn up by the Member of Stock Exchange in accordance with the requirements stipulated by the Stock Exchange regarding the sales and purchases of Securities, the lending-borrowing of Securities, or other contracts regarding Securities or the price of Securities., as referred to in Point 1 letter (c) of the Regulation of Bapepam and LK Number III.A.10 regarding Securities Transactions.
- 1.2.11 **Non-Exchange Transaction** shall be transactions among Securities Companies or between the Securities Company and other Party which is not stipulated by the Stock Exchange, and transaction among Parties who are not Securities Companies, as referred to in Point 1 letter (d) of the Regulation of Bapepam and LK Number III.A.10 regarding Securities Transaction.
- 1.2.12 **A Member of a Stock Exchange** shall be a Broker-Dealer, licensed by OJK that is permitted by the rules of the Stock Exchange to use its systems and facilities pursuant to the Stock Exchange Regulation, as referred to in in the Law regarding Capital Market.

- 1.2.13 **Client** shall be Securities account holder at Participant.
- 1.2.14 **Central Depository-Book Entry Settlement System** which hereinafter will be referred to as “**C-BEST**”, shall be the central Custodian and Securities Transaction settlement services administration system with overbooking method carried out automatically by using computer facility..
- 1.2.15 **Stock Exchange** is a Party organizing and providing system and/or facilities that are used to bring together the offering of sell and purchase of the Securities as of other Parties with the purpose of trading the Securities among them as referred to in the Law regarding Capital Market.

## 2. UTILIZATION OF FOP INSTRUCTION

- 2.1 FOP may be used by the Account Holder if it meets requirements as follows:
- a) It is made without funds payment at KSEI;
  - b) Overbooking of Securities as referred to in the letter (a) above may be made between Securities Accounts under the following provisions:
    - i. between Main Securities Account 001;
    - ii. between Securities Sub-Account 001;
    - iii. from Main Securities Account 001 to Securities Sub-Account 001 or vice versa; or
    - iv. between other Securities Accounts for certain transaction which shall be regulated in a KSEI circular letter.
- 2.2 Overbooking of Securities instruction without funds payment as referred to in the point 2.1 letter (b) which is connected to different SID obliged to use FOP instruction, unless determined otherwise in Regulation of KSEI.
- 2.3 FOP instruction shall be used to make overbooking of Securities either within the same Account Holder or between different Account Holders.

- 2.4 FOP instruction consists of:
- 2.4.1 Delivery Free of Payment, FOP instruction given by the Account Holder to deliver Securities from one Securities Account into other Securities Account(s) according to Delivery Free of Payment instruction and performed pursuant to the Regulation of KSEI.
  - 2.4.2 Receive Free of Payment, FOP instruction given by the Account Holder to receive Securities from other Securities Account according to Receive Free of Payment instruction and performed pursuant to the Regulation of KSEI.
- 2.5 FOP shall be executed if the data given in Delivery Free of Payment and Receive Free of Payment has matched.
- 2.6 Participant who makes overbooking of Securities by FOP, obliged to mention the settlement purpose on the said instruction i.e. Exchange Transaction settlement or Non-Exchange Transaction settlement.
- 2.7 In the event FOP is used to make overbooking of Securities for Exchange Transaction settlement, the Participant obliged to fill out transaction reference number under the provisions as follows:
- 2.7.1 The Participant which is A Member of a Stock Exchange obliged to mention transaction reference number containing A Member of a Stock Exchange code and trade confirmation number conveyed to the Client.
  - 2.7.2 The Participant which is not A Member of a Stock Exchange obliged to fill out transaction reference number with trade confirmation number or use internal reference in case there is no trade confirmation, provided that internal reference used is related to and may prove the Exchange Transaction that has been made.
- 2.8 In the event the Participant using FOP to make Non-Exchange Transaction settlement, the Participant obliged to mention the underlying of FOP transaction in C-BEST as follows:

- 2.8.1 Sale and Purchase;
  - 2.8.2 Grant;
  - 2.8.3 Inheritance;
  - 2.8.4 Contribution of Assets;
  - 2.8.5 Transfer of Securities in the framework of creation and repayment of Mutual Fund Investment Unit in the Form of Collective Investment Contract Traded at Stock Exchange (Exchange Traded Fund);
  - 2.8.6 Securities Lending and Borrowing;
  - 2.8.7 Gift, gratification or donation;
  - 2.8.8 Decision of judiciary body;
  - 2.8.9 Securities Collateral;
  - 2.8.10 Distribution of Securities related to Management Stock Option (MSOP) and/or Employee Stock Options (ESOP);
  - 2.8.11 Distribution of Securities resulting from Initial Public Offering;
  - 2.8.12 Overbooking of Securities between Securities Sub-Accounts owned by the same Client;
  - 2.8.13 Repo Transaction; or
  - 2.8.14 Conversion.
- 2.9 In the event FOP is used for Non-Exchange Transaction settlement between Main Securities Account 001, between Securities Sub-Account 001 or between Main Securities Account 001 and Securities Sub-Account 001 which underlying transaction is not included in point 2.8 above, the Participant obliged to mention the information which become the basis of the said transaction in C-BEST.

- 2.10 Information column as referred to in point 2.9 above in Delivery Free of Payment and Receive Free of Payment instruction must be filled out with the type of Securities transaction which explaining the basis of the same transaction.
- 2.11 For FOP usage, either it is extended for the purpose of Exchange Transaction settlement or Non-Exchange Transaction settlement, the Participant obliged to ensure the availability of underlying document related to the utilization of FOP.
- 2.12 The document which constitutes as basis of transaction as referred to in point 2.8 above shall be further regulated in KSEI circular letter.

Stipulated in : Jakarta  
On the date of : December 17<sup>th</sup>, 2015

**PT Kustodian Sentral Efek Indonesia**

**Margeret M. Tang**  
President Director

**Syafruddin**  
Director

**Friderica Widyasari Dewi**  
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