

## CHAPTER 1 GENERAL PROVISIONS

### 1.1 Definitions

Unless specifically provided with definitions, then, all words and or terms in this regulation will have the same definitions as those referred to in Law of the Republic of Indonesia Number 8 of the Year 1995 regarding Capital Market and its entire implementing regulations.

In this regulation, referred to as:

**Clearing Member** shall mean the member of the Stock Exchange registered as Clearing Member of KPEI.

**Custodian Bank** shall mean the public bank obtaining approval of Bapepam and LK to carry out business activity as Custodian.

**Bank Indonesia** shall mean the central bank of the Republic of Indonesia.

**Bank Indonesia - Scripless Securities Settlement System (BI-SSSS)** shall mean means of transaction with Bank Indonesia including its administration and the electronic administration of securities and directly connected among the participants, organizer and the BI-RTGS System.

**Payment Bank** shall mean the public bank appointed by KSEI to deposit the fund registered in the Securities Account and to make payment in the framework of Securities transaction settlement.

**Central Depository - Book Entry Settlement System (C-BEST)** shall mean the system for the organization of central Custodian services and the overbooking settlement of Securities transaction carried out automatically by using computer facility.

**Central Registry** shall mean the Bank Indonesia, carrying out the administration function of securities for the interest of bank, *Sub Registry*, and other party approved by Bank Indonesia.

**Corporate Action** shall mean every action of the Issuer granting right to the entire beneficial owners of the Securities of the same type and class, such as the right to receive cash dividend, share dividend, interest, bonus share, Preemptive Right, Warrant or other rights.

**Register of Account Holders** shall mean the list issued by KSEI in relation to the ownership of Securities by the entire Account Holders and or Securities Holder Customers, containing information, among others: names, addresses, total number of Securities ownership, tax statuses and nationalities of the Account Holders and or its Customers.

**Delivery Free of Payment (DFOP)** shall mean the procedure for the settlement of Securities transaction by means of overbooking among Securities Accounts at KSEI in which the delivery of the Securities will be carried out without being supplemented by the payment of fund.

**Delivery Versus Payment (DVP)** shall mean the procedure for the settlement of Securities transaction by means of overbooking among Securities Accounts at KSEI in which the delivery of Securities and the payment of fund are carried out simultaneously.

**Delivery Versus Payment of Certificate of Bank Indonesia and Government Bond (DVP SBI-SUN)** shall mean the procedure for the settlement of transaction of Certificate of Bank Indonesia and or Government Bond by means of overbooking between Securities Accounts at KSEI carried out through C-BEST with the account owned by other BI-SSSS participants carried out through BI-SSSS and BI-RTGS System, in which the delivery of Certificate of Bank Indonesia and or the Government Bond and the payment of fund is carried out simultaneously.

**Debt Securities** shall mean the Securities in the form of debentures which have been registered by the Securities Issuer at KSEI, the Certificate of Bank Indonesia, and Government Bond.

**Trading Days** shall mean the days on which being organized trading of Securities at the Stock Exchange, which are Monday through Friday, unless such day constitutes a national holiday or is declared as day-off by the Stock Exchange.

**Working Days** shall mean the days on which being organized the central Custodian services by KSEI, which are Monday through Friday, unless such day constitutes a national holiday or is declared as day-off by KSEI.

**Settlement Instruction** shall mean the instruction given by the Customer to the Account Holder for the overbooking of Securities and or fund in the framework of settlement of Securities transaction related to the utilization of *Post Trade Processing*.

**Investor Area** shall mean the means for the delivery of information and report related to the position of Securities and or fund in the Securities Sub-Account from the Account Holder to its Customer by using the system provided by KSEI.

**Internal Control Committee** shall mean the Internal Control Committee of KSEI as stipulated in the Regulation of Bapepam No. III.C.6 regarding the Procedures for the Operation and Internal Control of the Depository and Settlement Institution.

**Regulation Committee** shall mean the Regulation Committee of KSEI as stipulated in the Regulation of Bapepam No. III.C.6 regarding the Procedures for the Operation and Internal Control of the Depository and Settlement Institution.

**Business Committee** shall mean the Business Committee of KSEI as stipulated in the Regulation of Bapepam No. III.C.6 regarding the Procedures for the Operation and Internal Control of the Depository and Settlement Institution.

**Written Confirmation for General Meeting of Securities Holders (KTUR)** shall mean the confirmation letter of Securities ownership issued by the Securities Issuer or KSEI to the Securities Holders through the Account Holder, for the purpose of attending the General Meeting of Securities Holders.

**Transaction Confirmation** shall mean the confirmation given by the Account Holder to its Customer regarding the completion of Securities transaction by the Account Holder in accordance with the instruction of the concerned Customer in relation to the utilization of *Post Trade Processing*.

**KPEI** shall mean PT Kliring Penjaminan Efek Indonesia, which is a company who has obtained business permit from Bapepam to organize business activity as the Clearing and Guarantee Institution.

**KSEI** shall mean the PT Kustodian Sentral Efek Indonesia, which is a company who has obtained business permit from Bapepam to organize business activity as the Depository and Settlement Institution.

**Financial Institution** shall mean the bank and financing institution in accordance with the prevailing regulations and legislations.

**Securities Holder** shall mean the beneficial owner of the Securities deposited and administered in the Securities Account.

**Account Holder** shall mean the party whose name is registered as the owner of the Securities Account.

**Securities Issuer** shall mean the Listed Company, Region, Mutual Fund, Collective Investment Contract of Asset-Backed Securities or Other Party whose Securities are registered at KSEI in accordance with the provisions of the prevailing statutory regulations.

**Issuer of Government Bond** shall mean the Government of the Republic of Indonesia who in the implementation of issuance of Government Bond is carried out the Party in accordance with the provisions of the prevailing statutory regulations.

**Listed Company** shall mean the every Issuer, Public Company or other company whose securities are registered at KSEI.

**Post Trade Processing** shall mean the process of delivery of Transaction Confirmation from the Account Holder to its Customer and or the Settlement Instruction from the Customer to the Account Holder carried out through C-BEST.

**Securities Account** shall mean the account containing records regarding the position of the Securities and or the fund owned by the Account Holder, including those owned by the Customer, registered at KSEI.

**Settlement Securities Account** shall mean the Securities Account owned by Clearing Member specifically used for the implementation of overbooking of Securities and or fund in the framework settlement of Stock Exchange Transaction and or the settlement of Securities lending transaction facilitated by KPEI.

**Operational Clearing Account** shall mean the clearing account opened by Account Holder, specifically used for receiving fund overbooking from Securities Account, and its operation will be carried out by the Account Holder.

**Settlement Clearing Account** shall mean the clearing account opened by Account Holder at the Payment Bank, specifically used for fund overbooking to/from Securities Account.

**Certificate of Bank Indonesia** shall mean the securities in Rupiah currency issued by Bank Indonesia.

**Bank Indonesia - Real Time Gross Settlement System (BI-RTGS System)** shall mean an electronic fund transfer system among the participants of BI-RTGS System in the Rupiah currency whose settlement will be carried out instantly per transaction individually.

**Securities Collateral Administration System** shall mean a system provided by KSEI for Financial Institution as the Account Holder Customer, used for carrying out administration over Securities deposited in the Securities Sub-Account under the name of the Financial Institution Customer, which is in the collateral process with Financial Institution.

**Securities Sub-Account** shall mean the account under the name of Account Holder Customer registered in the Account Holder Securities Account at KSEI.

**Inactive Securities Sub-Account (*Dormant Account*)** shall mean the Securities Sub-Account having no Securities balance and fund as well as having no mutation of Securities and fund within a period of 6 (six) months consecutively starting as of the latest recording date of balance of Securities and fund.

**Sub-Registry** shall mean the bank and institution carrying out Custodian activities, which based on the approval of Bank Indonesia, will act to carry out the administration of Government Bond for the interest of its Customers.

**Government Bond** shall mean the securities in Rupiah currency and foreign currency, whose payment of interest and principal is warranted by the Government of the Republic of Indonesia, in accordance with its validity period as referred to in the provisions of the statutory regulations regarding Government Bond.

**Payment Date** shall mean the date stipulated by the Securities Issuer for the implementation of payment or distribution of rights over Securities to the Securities Holders through Account Holder.

**Recording Date** shall mean the date stipulated by the Securities Issuer which becomes the basis for the determination of Securities Holders whom entitled to payment or distribution of rights attached to the Securities.

## 1.2 Services

1.2.1 Services provided by KSEI in this regulation is the central Custodian services which cover among others:

- a) Securities Account Administration for the deposit of Securities and or fund;
- b) Transfer of Securities and or fund into and out of the Securities Account;
- c) Transfer of Securities from one Securities Account to other Securities Account with or without payment;
- d) Payment and distribution of proceeds from Corporate Action, distribution of profits, fulfillment of right of investor; and
- e) Other services related to the above mentioned services, among others:
  - i) Post Trade Processing;
  - ii) Provision of Securities Collateral Administration System;
  - iii) Provision of Investor Area facility; and
  - iv) Provision of reports related to central Custodian services.

- 1.2.2 Central Custodian Services provided for parties who have opened Securities Accounts at KSEI, and the Account Holder Customers in the framework of implementation of:
- a) *Post Trade Processing*;
  - b) Securities Collateral Administration System; and
  - c) *Investor Area*.

### **1.3 Regulations and Operational Procedures of Services**

- 1.3.1 Central Custodian Services are carried out based on the regulations and operational procedures stipulated by KSEI in relation to those services.
- 1.3.2 KSEI, at any time, may stipulate or amend the regulations and operational procedures of KSEI, including the services fee of KSEI, with due observance of the opinion from the users of services of KSEI, the Stock Exchange, KPEI as well as other concerned parties, in accordance with the prevailing provisions of rulemaking by the Depository and Settlement Institution at the Capital Market and upon obtaining approval of Bapepam and LK. The regulation, list of services fees and their amendments will be put into effect at least 15 (fifteen) calendar days starting as of the date of approval of Bapepam and LK and must be notified to the Account Holder at the latest 7 (seven) calendar days starting as of the date of approval of Bapepam and LK.
- 1.3.3 Securities Issuer, Account Holder, Account Holder Customer and or user of services of KSEI will be obliged to be subject to and to comply with the regulations and operational procedures of KSEI. In the event that there is any different of interpretation between the regulations and the operational procedures of KSEI, then, will prevail the regulations of KSEI.

### **1.4 Place and Time of Services**

Central Custodian Services will be organized at KSEI or other place stipulated by KSEI on every Working Day in accordance with the services schedule stipulated by KSEI. KSEI may change the provisions on time of services aforesaid by means of notification at least 3 (three) Working Days in advance.

### **1.5 Services Fee**

- 1.5.1 Account Holder who use the services of KSEI obliged to pay services fee to KSEI in accordance with the list of services fees stipulated by KSEI, which constitutes an inseparable part to this regulation.
- 1.5.2 Services fee as listed in the list of services fees is exclusive of Value Added Tax and other taxation obligations, if any, in accordance with the provisions of the prevailing legislation regarding taxation.

- 1.5.3 Account Holder obliged to settle the payment obligation of services fee at the latest 15 (fifteen) calendar days starting as of the receipt of invoice from KSEI. If the last date of payment falls on a day which is not a Working Day, then, the payment must be made at the latest on the subsequent Working Day.
- 1.5.4 For the settlement of payment obligation of services fee of Account Holder which has already due, the Account Holder will be obliged to carry out overbooking of fund into the account which has been stipulated by KSEI.
- 1.5.5 In the event that the Account Holder does not pay the services fee which has already due, the relevant Account Holder will be charged with late payment penalty in accordance with the list of services fees stipulated by KSEI.
- 1.5.6 KSEI entitled to suspend the delivery of its services if the Account Holder did not fulfill the services payment obligation to KSEI for 2 (two) months consecutively until the fulfillment of such payment obligation together with the penalties which become the burden of the Account Holder. Before the imposition of services suspension sanction, KSEI will firstly give warning letter to the Account Holder for at least 3 (three) times, and each warning letter will be given in an interval of at least 7 (seven) Working Days starting as of the date of receipt of warning letter by the Account Holder.
- 1.5.7 KSEI will deliver report regarding the suspension of provision of its services including the resumption of provision of services as referred to in point 1.5.6. to the entire Account Holders and Bapepam and LK on the subsequent Working Days. In the event that the suspension of services is imposed on an Account Holder who constitutes a Member of the Stock Exchange and or a Clearing Member, the notification will also be delivered by KSEI to the Stock Exchange and KPEI.
- 1.5.8 KSEI, at any time, may change the list of services fees with the approval of Bapepam and LK. Every change of services fees aforesaid will be imposed at least 15 (fifteen) calendar days starting as of the date of approval of Bapepam and LK and will be notified to the Account Holder at the latest 7 (seven) calendar days starting as of the date of approval of Bapepam and LK.

## 1.6 Central Custodian System

- 1.6.1 Central Custodian Services will be carried out through C-BEST which is connected to the computer terminal of the Account Holder and or other means stipulated by KSEI.
- 1.6.2 KSEI through C-BEST will deliver report or confirmation related to the Securities Account, which covers among others: registration of Securities and or fund, mutation of Securities and or fund, KTUR, to be accessed by the Account Holder. Every Account Holder will be obliged to and will be considered of having already accessed and read every report or confirmation which has been delivered by KSEI through C-BEST.
- 1.6.3 Every Account Holder obliged to deliver instruction, confirmation as well as other reports regarding Securities Account through C-BEST.
- 1.6.4 Account Holder may print out the report or confirmation as referred to in point 1.6.2 by means of the computer terminal of the relevant Account Holder.
- 1.6.5 If C-BEST did not function, KSEI will stipulate other means for the delivery of instruction or confirmation as referred to in point 1.6.2 and 1.6.3.
- 1.6.6 Every Account Holder will be given Personal Identification Number (PIN) code for the operation of C-BEST by means of the computer terminal allocated for it and will be obliged to take full responsibility over the operation of such system.
- 1.6.7 In relation to the operation of C-BEST, every Account Holder obliged to fulfill the following provisions:
  - a) Operating C-BEST for the utilization central Custodian services in accordance with the C-BEST guide;
  - b) Report to KSEI regarding every disruption/damage to its computer system connected to C-BEST;
  - c) Does not alter or add the configuration and or program without written approval from KSEI;
  - d) Keep confidential the PIN code for the operation of C-BEST and responsible for every usage, including misapplication of PIN code by unauthorized party; and
  - e) Take full responsibility over all instructions and confirmations given to KSEI through C-BEST.

- 1.6.8 Account Holder may permit its Customer:
- a) to access and use C-BEST in the framework of implementation of Post Trade Processing;
  - b) to access other system provided by KSEI related to central Custodian services provided for the Party who has opened Securities Sub-Account at KSEI, among others: Securities Collateral Administration System.
- 1.6.9 For the purpose of implementation of *Post Trade Processing*, the Customer may access C-BEST to obtain information on the balance of the Securities Sub-Account under its name, provided that the Customer has obtained written approval from the Account Holder managing the Securities Sub-Account on its behalf.
- 1.6.10 The Customer who is eligible to have right of access and utilization of C-BEST for the implementation of *Post Trade Processing* must fulfill the following requirements:
- a) Investment Manager who has already obtained business permit from Bapepam and LK;
  - b) Execute C-BEST utilization agreement with KSEI; and
  - c) Obtain written approval from the Account Holder managing the Securities Sub-Account on its behalf.
- 1.6.11 The Customer who has obtained right of access and utilization of C-BEST, obliged to comply with and will be bound by the terms and conditions of operation of C-BEST stipulated by KSEI.
- 1.6.12 For the purpose of implementation of Securities collateral by means of Securities Collateral Administration System, the Financial Institution as the Account Holder Customer may obtain information regarding the status of Securities in the Securities Sub-Account under the name of the Financial Institution Customer, which is currently under the collateral process with the Financial Institution.
- 1.6.13 In the utilization of Securities Collateral Administration System, the Financial Institution obliged to comply with and bound by the terms and conditions of operation of the Securities Collateral Administration System stipulated by KSEI, including executing the Securities Collateral Administration System utilization agreement.
- 1.6.14 The Securities Issuer or other Party appointed by the Securities Issuer is given the right of access and utilization of C-BEST, for the delivery of confirmation or reports to/from KSEI, in relation to the administration of Securities of the Securities Issuer deposited at KSEI.



## 1.7 Securities Account

- 1.7.1 Eligible to become Account Holder at KSEI are:
- a) Securities Company;
  - b) Custodian Bank; and
  - c) Other party based on the provisions of the prevailing statutory regulations in the Capital Market.
- 1.7.2 Parties as referred to in point 1.7.1 will be obliged to open:
- a) 1 (one) Securities Account to deposit the Securities and or its own fund (depository account or 001 account); and
  - b) 1 (one) or more Securities Sub-Account to deposit the Securities and or the fund owned by its Customer (Securities Sub-Account depository or 001 Securities Sub-Account), for a party administering Customer Securities Account.
- 1.7.3 In relation to the Securities lending services organized by KPEI:
- a) The Custodian Bank who will act as the lender will be obliged to open 1 (one) lending Securities Account (005 account) to deposit and or receive Securities;
  - b) The Custodian Bank and the Clearing Member will be obliged to carry out the opening of Sub-Securities lending Account (005 Securities Sub-Account) for its Customer acting as the lender.
- 1.7.4 The opening of Securities Account as referred to in point 1.7.3 a) will be carried out by the Custodian Bank who has executed the Securities lending agreement with KPEI, by submitting written application to KSEI.
- 1.7.5 KPEI may open the Securities Account at KSEI for the purpose of organizing clearing services and guarantee for the settlement of Stock Exchange Transaction in accordance with the provisions of the prevailing statutory regulations in the Capital Market.
- 1.7.6 The Clearing Member will be obliged to open the Settlement Securities Account in accordance with the provisions of the regulations of KPEI as well as the prevailing regulations and procedures for the opening of Securities Account at KSEI, which are consisting of:
- a) Settlement Securities Account for the delivery and or receipt of Securities and or fund from and or to KPEI (handing over account or 002 account);
  - b) Settlement Securities Account for the delivery and or receipt of Securities and or fund of the borrower related to the Securities lending transaction (the borrower Securities lending account or 003 account);
  - c) Settlement Securities Account to place the Securities and or fund pledged by the Clearing Member to KPEI (collateral account or 004 account); and

- d) Settlement Securities Account for the delivery and or receipt of Securities and or fund of the lender related to the Securities lending transaction (lender Securities lending account or 005 account).

1.7.7 In the framework of settlement of Stock Exchange Transaction, the Clearing Member will be obliged to open only 1 (one) Securities Sub-Account collateral (004 Securities Sub-Account) for every Clearing Member Customer who has already had Securities Sub-Account depository (001 Securities Sub-Account) at the Clearing Member, to place the Securities and or the fund for the settlement of Stock Exchange Transaction and or the warranty for the settlement of Stock Exchange Transaction for the interest of the relevant Customer.

1.7.8 KPEI may take actions over the Settlement Securities Account, the Securities Sub-Account collateral and Securities Sub-Account lending, among others: obtaining balance information, overbooking and freezing the Securities and or the fund in the Settlement Securities Account, Securities Sub-Account collateral and Securities Sub-Account lending, including freezing the Settlement Securities Account, freezing the Securities Sub-Account collateral and freezing Securities Sub-Account lending, provided that KPEI has received powers and authorities from the Clearing Member and the relevant Custodian Bank and the copy of the power of attorney has been delivered to KSEI.

## 1.8 Securities Sub-Account and *Investor Area*

1.8.1 Account Holder managing the Securities and or the fund of the Customer obliged to open the Securities Sub-Account to deposit Securities and or fund from each of its Customer in accordance with the provisions of the prevailing statutory regulations in the Capital Market.

1.8.2 The opening of Securities Sub-Account must use one name of the Party owning the Securities Sub-Account, based on the document in accordance with the provisions of the prevailing statutory regulations in the Capital Market.

1.8.3 For the opening of Securities Sub-Account, the Account Holder obliged to deliver data of the Customer, among others: the name, tax status, domicile, nationality status supplemented by the supporting documents related to the data of the Customer aforesaid.

1.8.4 In the management of Securities Sub-Account, if there is any Inactive Securities Sub-Account (*Dormant Account*), then, the Account Holder will be obliged:

- a) to carry out the closing of the Inactive Securities Sub-Account (*Dormant Account*) starting as of the Securities Sub-Account is declared as Inactive Securities Sub-Account (*Dormant Account*) by KSEI; or
- b) to pay maintenance fee of the Inactive Securities Sub-Account (*Dormant Account*) as listed in the list of services fees stipulated by KSEI.

1.8.5 For Account Holder Customer who has opened Securities Sub-Account, then, the Account Holder obliged to provide access to *Investor Area* to the Account Holder Customer.

1.8.6 The Account Holder obliged to provide to its Customer, the *investor identification number* as well as the *pin code number* received from KSEI, to be used by the Account Holder to carry out access to *Investor Area*.

- 1.8.7 The utilization of *investor identification number* as well as *pin code number* for access to *Investor Area* which has been received from the Account Holder will constitute the full responsibility of the Account Holder Customer.
- 1.8.8 In the event that there is a different of Securities record between the Securities record recorded in the *Investor Area* and the existing Securities record in the Account Holder record, then, the Securities record recorded in the *Investor Area* will constitute the evidence of Securities ownership of the Account Holder Customer recorded at the Depository and Settlement Institution. The Account Holder will be obliged to settle the different of Securities record aforesaid with its Customer.
- 1.8.9 The Account Holder obliged to provide information to its Customer regarding the status, condition and or the circumstance which could cause the different of Securities record between the Securities record recorded in the *Investor Area* and the existing Securities record in the record of the Account Holder.
- 1.8.10 In the event that the Account Holder Customer carries out closing of Securities Sub-Account, then, the Account Holder obliged to carry out closing of access toward the *Investor Area* facilities related to the relevant Securities Sub-Account.
- 1.8.11 The Account Holder and or the Account Holder Customer agree to release KSEI from every obligation, liability, cost, claim and legal action, losses, damages and or charges which might arise from any party whomsoever in relation to the different of Securities record as referred to in point 1.8.8, to the extent based on the sufficient evidences, the different of Securities record did not take place due to the fault or negligence of KSEI.

## 1.9 Opening of Securities Account

- 1.9.1 For the opening of Securities Account, the applicant obliged to execute the Agreement regarding Securities Account by using the standard contract of KSEI, attached with the supporting documents, among others as follow:
- a) Articles of Association together with its amendments including the deed on the change of composition of the Board of Directors and the Board of Commissioners;
  - b) Business permit/approval from Bapepam and LK;
    - i) Permit as Securities Company, for Securities Company.
    - ii) Approval for Public Bank as Custodian, for Custodian Bank.
    - iii) Permit as Clearing and Guarantee Institution, for KPEI.

- c) Prevailing business permits/approvals, for other parties;
- d) Appointment letter or power of attorney for official and or officer appointed by the applicant to handle the affairs with KSEI;
- e) Specimen of company stamp, signature, initial of the official and officer appointed and or authorized by the applicant; and
- f) Other documents required by KSEI.

1.9.2 Application for the opening of Securities Account which does not fulfill the requirements stipulated in this regulation will be rejected by KSEI. In the event that there is a rejection over the application for the opening of Securities Account, KSEI will notify regarding the rejection aforesaid supplement with the reason of such rejection to the relevant applicant as well as to Bapepam and LK.

## **1.10 Blocking of Securities Account**

- 1.10.1 KSEI may carry out blocking of Securities Account upon the request of the parties as stipulated in the provisions of the prevailing statutory regulations in the Capital Market.
- 1.10.2 In the event that there is a blocking of Securities Account, then, the entire Securities and or fund deposited in the Securities Account and Securities Sub-Account under the management of the Account Holder will be automatically blocked.
- 1.10.3 During the blocking status, the entire Securities and or fund in the Securities Account and Securities Sub-Account cannot be withdrawn or pledged or overbooked by the Account Holder until there is a revocation of the blocking.

## **1.11 Freezing or Blocking of Securities Sub-Account**

- 1.11.1 KSEI may carry out freezing of Securities Sub-Account upon the request of the Account Holder or carry out blocking of Securities Sub-Account upon the request of the parties as stipulated in the provisions of the prevailing statutory regulations in the Capital Market.
- 1.11.2 In the event that there is a freezing or blocking of Securities Sub-Account, then, the entire Securities and or fund deposited in the Securities Sub-Account will automatically be blocked.
- 1.11.3 During the freezing or blocking status, the entire Securities and or fund in the Securities Sub-Account cannot be withdrawn or pledged or overbooked by the Account Holder until there is a revocation of the freezing or blocking.

## 1.12 Closing of Securities Account

- 1.12.1 The Account Holder, at any time, may carry out the closing of its Securities Account, by submitting application to KSEI. The Account Holder intending to close its Securities Account will be obliged to firstly give instruction of drawing out or instruction of overbooking into other Securities Account, over the entire balance of Securities and or fund deposited in the Securities Account, and to settle its entire obligation to KSEI.
- 1.12.2 KSEI may carry out the closing of Securities Account of Account Holder, if the Account Holder:
- a) Does not fulfill the terms and conditions as Account Holder as stipulated in this regulation.
  - b) Does not fulfill its obligation to KSEI as stipulated in this regulation and the Agreement regarding Securities Account executed by the Account Holder.
  - c) Is dissolved based on the prevailing legal provisions.
  - d) Is declared of being bankrupt based on the Court decree with permanent legal force.
- 1.12.3 In the event that there is a closing of Securities Account upon the will of KSEI, then:
- a) KSEI will overbook the entire balance of Securities and or fund deposited in the Securities Account aforesaid into the special account under the control of KSEI.
  - b) Securities and or fund in the special account cannot be used for the settlement of Securities transaction.
- 1.12.4 In the event that there is a closing of Securities Account, then, the entire Securities Sub-Account related to the Securities Account aforesaid will automatically be closed by KSEI.
- 1.12.5 In relation to the closing of Securities Account as referred to in point 1.12.2, KSEI will firstly deliver notification to the party whose Securities Account will be closed and requesting to immediately carry out the withdrawing of Securities and or fund from KSEI at the latest 20 (twenty) Working Days starting as of the date of notification regarding the closing of Securities Account. In the event that until the stipulated deadline, the Account Holder did not carry out the withdrawing of Securities and or fund, then, will be applicable the provision of point 1.12.3.
- 1.12.6 KSEI will publish the closing of the Securities Account to the entire Account Holders and will notify such matter to Bapepam and LK on the subsequent Working Day after the date of closing of the Securities Account. In the event that the closing of such Securities Account is imposed on an Account Holder who constitutes a Member of the Stock Exchange and or a Clearing Member, the notification aforesaid will also be delivered by KSEI to Bapepam and LK, the Stock Exchange and KPEI.

### **1.13 Payment Bank**

- 1.13.1 The entire fund recorded in the Securities Account will be deposited by KSEI at the Payment Bank in the special clearing account under the name of KSEI for the interest of the Account Holder.
- 1.13.2 For the implementation of overbooking of fund to/from the Account Holder, every Account Holder will be obliged to open:
  - a) Settlement Clearing Account; and
  - b) Operational Clearing Account.
- 1.13.3 For the operation of the Settlement Clearing Account by KSEI, the Account Holder will be obliged to give power and authority to KSEI to take actions over the Settlement Clearing Account, among others: to obtain information on balance, overbooking and freezing of fund into the Settlement Clearing Account.
- 1.13.4 At the end of each Working Day, KSEI will overbook the entire balance of fund recorded in the Securities Account into the Settlement Clearing Account.
- 1.13.5 For the purpose of overbooking of fund to/from Bank Indonesia in the framework of administration of Government Bond, KSEI will open clearing account of KSEI at BI-RTGS System.

### **1.14 Report Regarding Securities Account**

KSEI will deliver to the Account Holder, reports regarding the Securities Account through C-BEST, which covers:

- 1.14.1 Daily report regarding the Securities Account to each Account Holder, at the end of each Working Day indicating the balance of Securities and or fund, as well as the mutation of Securities and or fund in the Securities Account on the relevant Working Day.
- 1.14.2 Monthly report indicating all records of mutation in the Securities Account as well as the position of Securities and or fund at the end of the relevant month on the 1<sup>st</sup> (first) Working Day of the following month.
- 1.14.3 The Account Holder obliged to review and deliver confirmation over the correctness of Securities Account daily report at the latest at the end of the following Working Day, and the Securities Account monthly report at the end of the 14<sup>th</sup> (fourteenth) Working Day of the following month. If the Account Holder did not convey any objection, then, with the lapse of such period of time, the Account Holder will be considered of approving the data stated in concerned report, unless the Account Holder can prove the presence of any recording error made by KSEI based on sufficient evidence in accordance with the prevailing legal provisions.

## CHAPTER 2 SECURITIES REGISTRATION IN KSEI

### 2.1 General Requirements

- 2.1.1 Securities that may be placed for safekeeping in KSEI are those that have been registered by the Securities Issuer in KSEI in compliance with provisions herein, of Bank Indonesia Certificate and Government Debt Securities administered in Central Registry.
- 2.1.2 Securities registration by Securities Issuer is performed according to the following provisions:
- a) For the purpose of Securities registration to be issued by prospective Securities Issuer, the applicant is obligated to enter into an Agreement of Securities Registration in KSEI standard contract, attached with supporting documents KSEI requires.
  - b) For the purpose of securities registration to be issued by prospective Registered Company, the applicant is obligated to attach supporting documents consisting of :
    - i) Articles of Association and amendments thereof, including the Reestablishment Act of the Structure of the Board of Directors and Board of Commissioners;
    - ii) Copy of Agreement with Registrar or Registered Company's Power of Attorney for Registrar to conduct Securities administration in Collective Custody (if applying a Registrar's service);
    - iii) Copy of Tax Registration Card (NPWP);
    - iv) Copy of Certificate of Domicile;
    - v) Letter of Appointment and power of attorney for functionaries or officers appointed by the applicant to handle matters with KSEI;
    - vi) Specimen of Company seal, signature and approval marks of the functionaries or officers appointed and delegated authority by the applicant; and
    - vii) Other documents required by KSEI.
  - c) For the purpose of Municipal Bond registration to be issued by a Province, the Applicant is obligated to attach supporting documents consisting of :
    - i) Copy of Consent of the Minister of Finance of the Republik of Indonesia concerning the issuance plan of the Municipal Bond;
    - ii) Copy of legal fundamentals constituting the Province forming;
    - iii) Copy of legal fundamentals constituting the appointment of Province Head;

- iv) Copy of Certificate of office Domicile of the Province Head;
  - v) Decree of Province Head regarding the appointment and Power of Attorney of appointed executive or chief of Municipal Bond management unit to handle matters with KSEI;
  - vi) Specimen of Province's Seal, signature, approval marks of appointed executive or chief of Municipal Bond management unit; and
  - vii) Other documents required by KSEI.
- d) For the purpose of Participation Unit registration to be issued by Investment Manager, the applicant is obligated to attach supporting documents consisting of:
- i) Articles of Association of Investment Manager and Custodian Bank, and amendments thereof including the Reestablishment Act of the Structure of the Board of Directors and the Board of Commissioners;
  - ii) Copy of collective investment contract consisting of Provision of Collective Custody of Participation Unit;
  - iii) Copy of Registration Card (NPWP) of Mutual Fund;
  - iv) Copy of Registration Card (NPWP) of Investment Manager;
  - v) Copy of Certificate of Domicile;
  - vi) Letter of Appointment and Power of Attorney for functionaries or officers appointed respectively by Investment Manager and Custodian Bank to handle matters with KSEI;
  - vii) Specimen of Company's seal of respective company from Investment Manager and Custodian Bank, signature, approval marks of functionaries or officers appointed respectively by Investment Manager and Custodian Bank; and
  - viii) Other documents required by KSEI.
- e) For the purpose of Assets Backed Securities registration to be issued by Collective Investment Contract of Assets Backed Securities, Securities Issuer being represented by Investment Manager is obligated to attach supporting documents consisting of:
- i) Articles of Association of Investment Manager and Custodian Bank, and amendments thereof, including the Re-establishment Act of the Structure of the Board of Directors and Board of Commissioners;
  - ii) Copy of collective investment contract consisting of provision of Collective Custody of Assets Backed Securities;
  - iii) Copy of Registration Card (NPWP) of Collective Investment Contract of Assets Backed Securities;
  - iv) Copy of Registration Card (NPWP) of Investment Manager;
  - v) Copy of Certificate of Domicile of Investment Manager;



- vi) Letter of Appointment and Power of Attorney for functionaries or officers appointed respectively by Investment Manager and Custodian Bank to handle matters with KSEI;
  - vii) Specimen of Company's seal of respective company from Investment Manager and Custodian Bank, signature, approval marks of functionaries or officers appointed respectively by Investment Manager and Custodian Bank; and
  - viii) Other documents related to Assets Backed Securities issuance.
- 2.1.3 Registration Securities proceeds of Public Offering must be made by no later than 25 (twenty-five) Exchange Days prior to the distribution date of such Securities.
- 2.1.4 Securities Issuer is obligated to pay Securities registration fee consisting of joining fee, annual fee and other fees as stated in the List of Service Fees stipulated by KSEI (which is an inseparable part of this rule), under the following conditions:
- a) Payment of Securities Registration's joining fee and annual fee for the first year is to be made simultaneously. A Securities Issuer having paid joining fee for the registration of a certain Securities will no longer be charged a joining fee for the registration of any other Securities in KSEI in the future.
  - b) Payment of annual fee must be made on the January of every consecutive year
  - c) A Securities Issuer registering Securities along the duration of the current book-year is obligated to pay an annual fee proportionally calculated, counted as of the month registration is made in C-BEST until the December of the current year.
  - d) Payment of Securities Registration fee must be deposited into an account determined by KSEI by no later than 15 (fifteen) Calendar Days following receipt of invoice from KSEI.
  - e) In the case a Securities Issuer defaults on payment of Securities Registration fee on due date, the concerned Securities Issuer will be imposed a fine for late payment according to the List of Service Fees which is an inseparable part of this Rule.
- 2.1.5 Securities Issuer is obligated to issue a Securities registration confirmation in name of KSEI for the benefit of the Account Holder, for the total amount of Securities deposited in KSEI, according to a format provisioned by KSEI.
- 2.1.6 It is compulsory that delivery of Securities registration confirmation in name of KSEI and other reports regarding Securities in the safekeeping of KSEI by Securities Issuer be made through C-BEST.
- 2.1.7 KSEI will deliver a report regarding the ownership of Securities in the safekeeping of KSEI to Securities Issuer comprising such information as: List of Account Holders, for the purpose of *Corporate Action* distribution or other necessities through C-BEST, unless otherwise determined by KSEI.

## 2.2 Administration of Securities Placed as Collateral

- 2.2.1 An Account Holder may place Securities contained in its Securities Account as debt collateral by forwarding a written application for the Securities collateral to KSEI. Every application for the Securities collateral must bear statement of amount, types of Securities, the party accepting such a collateral placement, and other collateral prerequisites.
- 2.2.2 Securities that are placed as collateral will:
- a) be recorded in a Sub Securities Account in name of the provider of the collateral, which is specifically used for the recording of Securities collateral. Along the duration of collateral recording, such Securities cannot be withdrawn or book-transferred for the settlement of a Securities transaction.
  - b) be frozen in a Sub Securities Account in name of the provider of the collateral. Along the process of Securities freezing, such Securities cannot be withdrawn or book-transferred for the settlement of a Securities transaction.
- 2.2.3 KSEI will issue a confirmation letter as proof of Securities collateral recording to the Account Holder applying for such a collateral recording and the recipient of such a collateral asset.
- 2.2.4 In respect to Securities collateral, KSEI is only obligated to conduct the safekeeping administration of Securities placed as collateral for the benefit of the collateral recipient according to instructions of the Account Holder providing collateral. KSEI is not obligated to guarantee the fulfillment of rights and obligations determined in the agreement of collateral placement set forth by the collateral provider and the collateral recipient.
- 2.2.5 All rights attached to Securities placed as collateral including cash dividend, stock dividend, bonus stock or other rights related to the ownership of Securities along the duration of the collateral placement period will not be part of the collateral and shall remain the possession of the collateral provider unless otherwise instructed by the Account Holder in the collateral application.
- 2.2.6 Application for the revocation of Securities collateral recording status must be made in writing by the Account Holder forwarding such Securities collateral recording.
- 2.2.7 The recording of Securities collateral for the benefit of the Account Holder's Client, including the issuance of a confirmation letter as proof of Securities collateral recording to the collateral provider and collateral recipient is conducted by the Account Holder.
- 2.2.8 The Account Holder is held responsible for the conduct of Securities collateral recording of its Client and the issuance of such confirmation letter, including the application for the freezing of the related Sub Securities Account in KSEI.
- 2.2.9 For the recording of the Client's Securities collateral in C-BEST, Account Holder must forward an application for the freezing of Sub Securities Account where such Securities placed or frozen for collateral in Sub Securities Account in name of Collateral provider to KSEI, attached with copies of Securities collateral recording application documents from the Client.

- 2.2.10 KSEI will deliver notification to Registered Company regarding the freezing of the aforementioned Sub Securities Account for the purpose of recording the Securities collateral owned by Account Holder or its Client, or Securities freezing in Sub Securities Account for the purpose of recording the Securities collateral owned by Account Holder or its Client.

### **2.3 Administration System Performance of Securities Placed as Collateral**

Provisions of Administration System performance of Securities placed as Collateral by Financial Institution through Account Holder is conducted in compliance with administration provisions of Securities placed as Collateral as intended under item 2.2.

### **2.4 Blocking of Securities**

- 2.4.1 KSEI may perform the blocking of certain Securities kept by Securities Issuer in KSEI upon request of parties as provisioned under prevailing laws governing the Capital Market.
- 2.4.2 In the event of blocking of certain Securities as intended under item 2.4.1., such Securities kept in Securities Account and or Sub Securities Account will be blocked automatically.
- 2.4.3 Along the duration of the blocked status, Securities kept in Securities Account and Sub Securities Account as intended under item 2.4.2 cannot be withdrawn, placed as Collateral, or book-transferred by the concerning Account Holder until the revocation of such a blocking is made.

### **2.5 Freezing or Blocking of Securities (*Blocking Balance*)**

- 2.5.1 KSEI may perform the blocking of certain Securities in Securities Account and or Sub Securities Account upon request of Account Holder or upon request of parties as provisioned under prevailing laws governing the Capital Market.
- 2.5.2 In the event of freezing or blocking of certain Securities in Securities Account and or Sub Securities Account as intended under item 2.5.1., such Securities kept in Securities Account and or Sub Securities Account will be blocked automatically
- 2.5.3 Along the duration of the frozen or blocked status, Securities kept in Securities Account and or Sub Securities Account as intended under item 2.5.2 cannot be withdrawn, placed as Collateral, or book-transferred by the concerning Account Holder until the revocation of such a freezing or blocking is made.

## 2.6 Equity Securities Registration

In relation to Equity Securities Registration in KSEI, the following provisions will apply:

- 2.6.1 Registered Company has made amendments to its Articles of Association, incorporating stipulations regarding Collective Custody in compliance with prevailing laws governing the Capital Market.
- 2.6.2 The Registrar appointed by Registered Company to conduct Securities administration in KSEI is obligated to beforehand enter into an agreement with KSEI stipulating the concerned Registrar's intention to abide by rules provisioned by KSEI regarding Securities Administration Process in KSEI.
- 2.6.3 In the event that the Registered Company has changed or substituted the Registrar, the Registered Company is obligated to deliver a written notification to KSEI by no later than 1 (one) Business Day prior to the effective date of the change or the substitution. The Registered Company is responsible for the activities and information obtained and or required either by the old Registrar to be substituted or by the new Registrar in accordance with the Securities administration management of the Registered Company.

## 2.7 Securities Registration Cancellation of Equity Securities

- 2.7.1 Securities Registration cancellation from KSEI Collective Custody may occur owing:
  - a) Securities Registration cancellation of Registered Company by KSEI.
  - b) Request of Securities Registration cancellation forwarded by respective Registered Company.
- 2.7.2 KSEI may cancel Securities Registration in KSEI, in the event of:
  - a) Registered Company's failure to meet its obligations as stipulated in this rule and to conduct KSEI operational procedure or to comply with the Agreement on Securities Registration in KSEI.
  - b) Registered Company is discharged pursuant to the prevailing of applicable law.
  - c) Registered Company's state of bankruptcy authorized by a Court of Law and no Securities of Registered Company remain in the safekeeping of KSEI.

2.7.3 Securities Registration Cancellation by KSEI as intended under item 2.7.2. will be conducted in compliance with the following provisions:

- a) In the event of Securities Registration Cancellation is caused by condition under item 2.7.2.a), KSEI will execute such a Securities registration cancellation of Registered Company by no less than 3 (three) months as from the date the Registered Company fails to fulfill its obligation as stipulated in item 2.7.2.a).
- b) Prior to Securities Registration Cancellation caused by condition under item 2.7.2.b) and item 2.7.2.c), KSEI should have received a request for Securities Registration Cancellation from the Registered Company by no later than 14 (fourteen) Business Days.
- c) In the event that Registered Company does not submit a request for Securities Registration Cancellation to KSEI as intended under item 2.7.3 b) or KSEI fails to have contact with the Registered Company for the last 5 (five) years as from the date of judicial verdict authorized by a Court of Law, KSEI will deliver a notification regarding Securities Registration Cancellation of such Registered Company to Bapepam and LK
- d) For Securities Registration Cancellation as intended under item 2.7.3 c), KSEI will execute Securities Registration Cancellation of Registered Company and issue ownership confirmation of such Securities (registration of which have been cancelled) for a party that manages/handles the concerning Registered Company.

2.7.4 Securities Registration Cancellation based on request from Registered Company as intended under item 2.7.1 b), can only be executed if delisting is imposed on such Registered Company by Stock Exchange in which Securities of the Registered Company are listed, and will be conducted in compliance with the following provisions:

- a) Registered Company is obligated to submit a request for Securities Registration Cancellation by no later than 14 (fourteen) Business Days prior to the date of cancellation.
- b) Such cancellation request as intended under item 2.7.4. a) must be attached with minutes or General Shareholders Meeting Minutes of Registered Company that mention shareholders approval of Registered Company for securities registration cancellation from KSEI Collective Custody.
- c) In the event that Securities of Registered Company are still registered in KSEI by the time cancellation request forwarded, based on such request from Registered Company, KSEI will deliver notification to Account Holder to perform Securities withdrawal by no later than 14 (fourteen) Business Days prior to the date of cancellation accordingly.

- d) If Securities of Registered Company are still recorded in C-BEST after the end period of Securities withdrawal as intended under item 2.7.4. c), KSEI will retrieve those Securities from C-BEST, and Registered Company will further issue Securities certificates as intended under item 2.7.6. accordingly.
- 2.7.5 In the event that Securities of Registered Company are not listed on Stock Exchange, and the Registered Company intends to cancel its Securities Registration in KSEI, the Securities registration cancellation is executed as stipulated in item 2.7.4.
- 2.7.6 In the event of Securities registration cancellation in KSEI as intended under item 2.7.1, the concerning Registered Company at its own expense, is obligated to issue Securities certificates for those Securities [registration of which have been cancelled] in name of Securities Holders, as stated in the List of Account Holders.
- 2.7.7 Registered Company is obligated to submit Securities certificates as intended under item 2.7.6 to Securities Holder through Account Holder within a period of 10 (ten) Business Days as of the effective date of such registration cancellation.
- 2.7.8 The Account Holder is obligated to retrieve the Securities certificates issued by the Registered Company/Registrar as intended under item 2.7.7.
- 2.7.9 By no later than 1 (one) Business Days following the end period of Registered Company submitting the Securities certificates as intended under item 2.7.7, Registered Company is obligated to deliver notification to KSEI concerning the obligation fulfillment of such Securities certificates submission.
- 2.7.10 KSEI will deliver notification regarding such a Securities registration cancellation to the Bapepam and LK, Stock Exchange, KPEI, Registered Company and the relevant Account Holder by no later than 1 (one) Business Day following the cancellation date thereof.
- 2.7.11 A Registered Company, registration of Securities of which has been cancelled, intending to reregister the same Securities in KSEI, is obligated to forward an application of re-registration to KSEI by fulfilling all the requirements of registration as set forth herein.

## **2.8 Conduct of Securities Administration**

In relation to the conduct of Securities administration, Registered Company is obligated to meet the following provisions:

- 2.8.1 Maintain records, bookkeeping, data and other information relevant to the administration management of Securities that have been registered in name of KSEI and ascertain that such a Securities administration system had always been properly maintained and sufficiently supported by back-up data stored in a secure and separate place in compliance with provisions of applicable laws governing the Capital Market.
- 2.8.2 Submit a daily report or confirmation to KSEI regarding Securities balance and details of mutation of Securities registered in name of KSEI that are stated in the Registered Company's List of Securities Holders.

- 2.8.3 Bear responsibility for the correctness and accuracy of all information or confirmations submitted to KSEI and be liable for any loss inflicted upon KSEI as the result of negligence or error in correlation with such information or confirmations.
- 2.8.4 Provide any information related to the administration management of Securities registered in name of KSEI upon request of KSEI at any given time.
- 2.8.5 Complete any Securities registration application in name of KSEI for the purpose of depositing Securities in KSEI, and deliver confirmation regarding the registration of such Securities to KSEI within a period of no longer than 5 (five) Business Days as of receipt of application by Registered Company in compliance with applicable laws governing the Capital Market.
- 2.8.6 Deliver a Securities Registration Cancellation Letter in name of KSEI to the Account Holder by no later than 5 (five) Business Days as from receipt of application by Registered Company, should the Securities to be registered in name of KSEI fail to meet requirements as provisioned under applicable laws governing the Capital Market.
- 2.8.7 Issue Securities certificates in name of parties appointed by KSEI to be submitted to KSEI or other parties appointed by KSEI within 5 (five) Business Days as from the receipt of application by Registered Company, for those Securities withdrawn from a Securities Account in compliance with provisions under prevailing laws and regulations governing the Capital Market.

## **2.9 Conduct of Corporate Action**

In respect to Corporate Action, Registered Company is obligated to meet the following provisions:

- 2.9.1 Submit notification to KSEI regarding every intended Corporate Action plan on the same date of the announcement [made by Registered Company] of such a plan.
- 2.9.2 Conduct payments or distribution of cash dividend, stock dividend, stock bonus or other rights attached to Securities through KSEI. For the purpose of complying with this provision, KSEI will deliver a List of Account Holders to Registered Company by no later than 1 (one) Business Day as from the Recording Date.
- 2.9.3 Provide sufficient funds to be made effective in the account of KSEI at the Payment Bank by no later than 1 (one) Business Day prior to the Payment Date for the conduct of dividend payment or other rights in form of cash.
- 2.9.4 In the event Registered Company fails to provide sufficient funds as provisioned under item 2.9.3 KSEI will delay the execution of dividend payment or other rights in form of cash to the Account Holder until Registered Company makes such funds sufficient. All legal consequences arising from such a delay will be borne by Registered Company.

- 2.9.5 Issue a General Meeting Confirmation (KTUR) stating the rights of the Securities Holder to attend and cast vote in the General Meeting of Shareholders (RUPS) [based on the List of Account Holders delivered by KSEI], issuance of which is empowered to KSEI.

## 2.10 Registration of Debt Securities

In respect to Debt Securities registration in KSEI, the following provisions shall apply:

- 2.10.1 Securities Issuer is obligated to incorporate provisions regarding Collective Custody as regulated under provisions of prevailing laws governing the Capital Market in documents basing the issuance of Debt Securities such as the Trust-Agency Agreement or Memorandum of Information, pursuant to registering Debt Securities to be deposited in KSEI, comprising:
- a) The fungibility of Debt Securities deposited in KSEI.
  - b) The obligation of Securities Issuer to issue Debt Securities certificates for KSEI.
  - c) Rights owned by the Securities Holder attached to Debt Securities deposited in KSEI such as interest payment, principal redemption, voting rights and other rights.
  - d) Conduct of ownership transfer of Debt Securities in KSEI.
- 2.10.2 Securities Issuer confesses upon and treats each Securities Holder as legal owner of Debt Securities to the order of the ownership of the amount of balance of such Debt Securities, whom is therefore entitled to receive interest payment, principal redemption and other rights attached to Debt Securities. Such an ownership of Debt Securities is made evident by the issuing of a confirmation and/or Securities Account report by KSEI through C-BEST.
- 2.10.3 KSEI will act as Paying Agent and Conversion Agent of Securities Issuer to conduct interest payment and principal redemption including the conversion of such Debt Securities in the form of Bonds into Shares in accordance with terms and conditions as stipulated in the Paying Agent Agreement.
- 2.10.4 For the execution of interest payment and principal redemption of Debt Securities, Securities Issuer is obligated to provide sufficient funds to be made effective in the account of KSEI at the Payment Bank by no later than 1 (one) Business Day prior to the Payment Date.
- 2.10.5 In the event Securities Issuer fails to provide sufficient funds as provisioned under item 2.6.4. KSEI will delay the execution of interest payment and principal redemption to the Account Holder until Securities Issuer makes such funds sufficient. All legal consequences arising from any delay in the execution of dividend payment and principal redemption of Debt Securities including fines imposed upon such a delay in dividend payment and principal redemption will be borne by Securities Issuer.



- 2.10.6 Securities Issuer is obligated to pay a Paying Agent service fee in compliance with provisions regulating fees determined by KSEI. Payment will be made according to a List of Service Fees provisioned by KSEI, which is an inseparable part of this rule.

## **2.11 Participation Unit Registration**

In relation to Participation Unit Registration in KSEI, the following provisions will apply:

- 2.11.1 Collective investment Contract becoming the basis of Participation Unit issuance is obligated to mention provisions regarding Collective Custody as stipulated in the prevailing laws governing the Capital Market.
- 2.11.2 Custodian Bank that manages the administration of Participation Unit in KSEI is obligated to previously sign an agreement with KSEI declaring the Custodian Bank's capability to abide by provisions stipulated by KSEI in compliance with the administration of Participation Unit in KSEI Collective Custody.
- 2.11.3 In compliance with the administration of Participation Unit, Custodian Bank is obligated to meet the following provisions:
- a) Maintain records, bookkeeping, data and other information relevant to the administration management of Participation Unit that have been registered in name of KSEI in compliance with provisions of applicable laws governing the Capital Market.
  - b) Submit a daily report or confirmation to KSEI regarding Participation Unit balance and details of mutation of Participation Unit registered in name of KSEI that are stated in the List of Securities Holders.
  - c) Bear responsibility for the correctness and accuracy of all information or confirmation submitted to KSEI and be liable for any loss inflicted upon KSEI as the result of negligence or error in correlation with such information or confirmation.
  - d) Provide any information related to the administration management of Participation Unit registered in name of KSEI upon request of KSEI at any given time.
  - e) Complete any Participation Unit registration application in name of KSEI for the purpose of depositing Participation Unit in KSEI, and deliver confirmation regarding the registration of such Participation Unit to KSEI.
  - f) Deliver letter of Participation Unit Registration Cancellation in name of KSEI to the Account Holder, should the Participation Unit to be registered in name of KSEI fail to meet requirements as provisioned under applicable laws governing the Capital Market.

- 2.11.4 In respect to proceeds distribution, Investment Manager is obligated to comply with the following provisions:
- a) Submit notification to KSEI regarding every intended proceeds distribution plan on the same date of the announcement [made by Investment Manager] of such a plan.
  - b) Conduct payments or distribution of other rights related to Participation Unit through KSEI. For the purpose of complying with this provision, KSEI will deliver a List of Account Holders to Investment Manager by no later than 1 (one) Business Day as from the Recording Date.
  - c) Provide sufficient Participation Unit in the Securities Account designated by KSEI by no later than 1 (one) Business Day prior to the Payment Date for the conduct or distribution of other rights in form of Participation Unit.
  - d) Provide sufficient funds in the account of KSEI at the Payment Bank by no later than 1 (one) Business Day prior to the Payment Date for the conduct of payment or distribution of other rights in form of cash.
  - e) In the event Investment Manager fails to provide sufficient Participation Unit and or funds as provisioned under item 2.7.4.c) and d), KSEI will delay the payment or distribution of other rights in form of Participation Unit and or cash to the Account Holder until Investment Manager makes such Participation Unit and or funds sufficient. All legal consequences arising from such delay of payment or distribution of other rights in form of Participation Unit and or cash will be borne by Investment Manager.
  - f) Issue KTUR stating the rights of the Securities Holder to attend and cast vote in the General Meeting of Participation Unit Holders (RUPUP) issuance of which is empowered to KSEI, based on the List of Account Holders delivered by KSEI.
- 2.11.5 KSEI may cancel the registration of Participation Unit managed by Investment Manager if Securities Issuer that is represented by Investment Manager fails to meet the following provisions:
- a) Securities Issuer fails to fulfill its obligation as stipulated in this rule and KSEI operational procedures or Securities Registration Agreement in KSEI.
  - b) Securities Issuer's insolvent pursuant to the prevailing of applicable law.
- 2.11.6 Based on request from Investment Manager, in its capacity as Participation Unit administrator, KSEI may cancel registration of Participation Unit that has been delisted (*delisting*) by the Stock Exchange where Participation Unit is listed by Investment Manager.

- 2.11.7 In the event of Investment Manager substitution as Participation Unit administrator, the new Investment Manager is obligated to fulfill requirements of Participation Unit registration in KSEI as intended under item 2.1.2.d).
- 2.11.8 In the event of Custodian Bank substitution as coordinator of Participation Unit administration, the new Custodian Bank is obligated to fulfill requirements of Participation Unit administration as intended under item 2.7.3.
- 2.11.9 KSEI will deliver notification regarding such a Participation Unit Registration Cancellation or Investment Manager substitution or Custodian Bank substitution to Bapepam and LK, Stock Exchange, KPEI, Investment Manager as Mutual Fund administrator, and Account Holder by no later than 1 (one) Business Day following the date of such cancellation or substitution.
- 2.11.10 Investment Manager, registration of Participation Unit of which has been cancelled, intending to reregister the Participation Unit in KSEI, is obligated to forward an application of re-registration to KSEI by fulfilling all the requirements of registration as set forth herein.

## **2.12 Assets Backed Securities Registration**

In relation to Assets Backed Securities Registration in KSEI, the following provisions shall apply:

- 2.12.1 Assets Backed Securities registered in KSEI comprise of: Fixed Cash Flows Assets Backed Securities and or Non Fixed Cash Flows Assets Backed Securities.
- 2.12.2 Collective Investment Contract of Assets Backed Securities or issuance documents basing the issuance of Assets Backed Securities is obligated to incorporate provisions regarding Collective Custody as regulated under provisions of prevailing laws governing the Capital Market, comprising of:
  - a) The fungibility of Assets Backed Securities deposited in KSEI.
  - b) The obligation of Securities Issuer to issue Assets Backed Securities certificates for KSEI.
  - c) Rights owned by the Assets Backed Securities Holder.
  - d) Conduct of ownership transfer of Assets Backed Securities in KSEI.
- 2.12.3 Securities Issuer confesses upon and treats each Assets Backed Securities Holder as legal owner of Assets Backed Securities to the order of the ownership of the amount of balance of such Assets Backed Securities, whom is therefore entitled to receive payment, or other rights attached to Assets Backed Securities. Such an ownership of Assets Backed Securities is made evident by the issuing of a confirmation and/or Securities Account report by KSEI through C-BEST.
- 2.12.4 KSEI will act as Paying Agent of Fixed Cash Flows Assets Backed Securities and or Non Fixed Cash Flows Assets Backed Securities and conduct distribution of proceeds payment and or principal redemption and or other rights in form of fund to Assets Backed Securities Holder through Account Holder in accordance with terms and conditions as stipulated in the Paying Agent Agreement.

- 2.12.5 For the execution of proceeds payment and or principal redemption and or other rights in form of fund to Assets Backed Securities Holder, Securities Issuer is obligated to provide sufficient fund to be made effective in the account of KSEI at the Payment Bank by no later than 1 (one) Business Day prior to the Payment Date.
- 2.12.6 In the event that Securities Issuer fails to provide sufficient fund as provisioned under item 2.12.5., KSEI will delay the distribution of proceeds payment and or principal redemption and or other rights in form of fund to Account Holder until Securities Issuer makes such fund sufficient. All legal consequences arising from any delay in the execution of proceeds payment and or principal redemption and or other rights in form of fund, including fines imposed upon such a delay, will be borne by Securities Issuer.
- 2.12.7 Securities Issuer is obligated to pay a Paying Agent service fee in compliance with provisions regulating fees determined by KSEI. Payment will be made according to a List of Service Fees provisioned by KSEI, which is an inseparable part of this rule.
- 2.12.8 Custodian Bank that conducts Assets Backed Securities administration in KSEI is obligated to beforehand enter into an agreement with KSEI stipulating the concerned Custodian Bank's intention to abide by rules provisioned by KSEI regarding Administration of Assets Backed Securities in KSEI Collective Custody.
- 2.12.9 In relation to the conduct of Assets Backed Securities administration, Custodian Bank is obligated to meet the following provisions:
- a) Maintain records, bookkeeping, data and other information relevant to the administration management of Assets Backed Securities that have been registered in name of KSEI in compliance with provisions of applicable laws governing the Capital Market.
  - b) Submit a daily report or confirmation to KSEI regarding Assets Backed Securities balance registered in name of KSEI that are stated in the List of Assets Backed Securities Holders.
  - c) Bear responsibility for the correctness and accuracy of all information or confirmations submitted to KSEI and be liable for any loss inflicted upon KSEI as the result of negligence or error in correlation with such information or confirmations.
  - d) Provide any information related to the administration management of Assets Backed Securities registered in name of KSEI upon request of KSEI at any given time.
- 2.12.10 In the event that Securities Issuer intends to perform proceeds payment and or principal redemption and or other rights in form of fund to Assets Backed Securities Holder, Securities Issuer is obligated to meet the following provisions:
- a) Submit notification to KSEI regarding every plan of proceeds payment and or redemption and or other rights in form of fund to Assets Backed Securities Holder on the same date of the announcement made by Investment Manager.

- b) Conduct payments of proceeds and or principal redemption and or other rights in form of fund through KSEI. For the purpose of complying with this provision, KSEI will deliver a List of Account Holders to Investment Manager by no later than 1 (one) Business Day following the Recording Date.
- c) Provide sufficient fund to be made effective in the account of KSEI at the Payment Bank by no later than 1 (one) Business Day prior to the Payment Date for the conduct of proceeds payment and or principal redemption and or other rights in form of fund.
- d) In the event that Securities Issuer fails to provide sufficient fund as provisioned under item 2.8.10.c, KSEI will delay the payments of proceeds and or principal redemption and or other rights in form of fund to Account Holder until Securities Issuer makes such fund sufficient. All legal consequences arising from such a delay of proceeds payment and or principal redemption and or other rights in form of fund will be borne by Securities Issuer.

2.12.11 KSEI may cancel Assets Backed Securities Registration in the event of:

- a) Securities Issuer's failure to meet its obligations as stipulated in this rule and operational procedures related to Assets Backed Securities Registration in KSEI as determined by KSEI or Securities Registration Agreement in KSEI.
- b) Registered Company's insolvent pursuant to the prevailing of applicable law.

2.12.12 In accordance with a request from Securities Issuer, KSEI may cancel Registration of Assets Backed Securities in the event that such Assets Backed Securities have been delisted by Stock Exchange where the Assets Backed Securities are listed by Securities Issuer.

2.12.13 In the event of substitution of Investment Manager in its capacity as the manager of Assets Backed Securities, the successor is obligated to meet the provisions of Assets Backed Securities registration in KSEI as intended under item 2.1.2.e).

2.12.14 In the event of substitution of Custodian Bank in its capacity as the administration organizer of Assets Backed Securities, the successor is obligated to meet the provisions of Assets Backed Securities administration as intended under item 2.8.9.

2.12.15 KSEI will deliver notification regarding such Cancellation of Assets Backed Securities Registration or substitutions of Investment Manager or Custodian Bank to Bapepam and LK, the Stock Exchange, KPEI, Securities Issuer and Account Holder by no later than 1 (one) Business Day following the cancellation or substitution date thereof.

## **2.13 Syariah Securities Registration**

### **2.13.1 Syariah Securities Registration in form of Equity Securities**

Provisions of Syariah Securities Registration in form of Equity Securities in KSEI will be conducted in compliance with provisions of Equity Securities Registration as intended under item 2.1 and 2.6.

### **2.13.2 Syariah Securities Registration in form of Sukuk**

Provisions of Syariah Securities Registration in form of Sukuk in KSEI will be conducted in compliance with provisions of Debt Securities Registration as intended under item 2.1 and 2.10.

### **2.13.3 Syariah Securities Registration in form of Syariah Participation Unit**

Provisions of Syariah Securities Registration in form of Syariah Participation Unit in KSEI will be conducted in compliance with provisions of Participation Unit Registration as intended under item 2.1 and 2.11.

### **2.13.4 Registration of Syariah Securities in form of Syariah Assets Backed Securities.**

Provisions of Syariah Securities registration in form of Syariah Assets Backed Securities in KSEI are conducted in compliance with Assets Backed Securities registration provisions as intended under item 2.1 and 2.12.

## **CHAPTER 3**

### **DEPOSITORY OF EQUITY SECURITIES**

#### **3.1 Securities Depository**

- 3.3.1. Securities deposited in KSEI are recorded in the form of electronic data and administered in Securities Accounts.
- 3.3.2. As evidence of Securities ownership in KSEI, KSEI delivers periodic Securities Account confirmations and reports to the Account Holder.

#### **3.2 Announcement of Securities Registered in KSEI**

KSEI will deliver announcements regarding Securities that have been registered in KSEI to the Account Holder, statements on which include Recording Date of Securities in KSEI and Commencing Date of Securities Transaction Settlements by book-entry.

#### **3.3 Securities and/or Funds Deposit into Securities Account**

- 3.3.1. To deposit Securities into a Securities Account in KSEI, the Account Holder must:
  - a) Fill in the Securities deposit through C-BEST application.
  - b) Submit the Securities certificates intended for deposit to Registered Company/the Registrar to be registered in name of KSEI for the benefit of the Account Holder.
- 3.3.2. KSEI will record (credit) every deposit of Securities into the Securities Account of the depositor following receipt of the Securities registration confirmation in name of KSEI from Registered Company/the Registrar.
- 3.3.3. KSEI will deliver a confirmation on the recording of Securities that have been made effective in a Securities Account to the Account Holder the same day on which the registration confirmation of such Securities [in name of KSEI] is received from Registered Company/the Registrar through C-BEST.
- 3.3.4. Securities proceeds of a Public Offering will directly be credited into a Securities Account in accordance with provisions of the prospectus issued by Registered Company.
- 3.3.5. KSEI will record (credit) the distribution of Securities proceeds of a Public Offering into a Securities Account following receipt of the instruction to distribute such Securities and the confirmation of registration of such Securities in name of KSEI from Registered Company/the Registrar.
- 3.3.6. The depositing of funds into a Securities Account is conducted by the Account Holder by directly depositing such funds at the Payment Bank in accordance with the applicable terms and conditions provisioned by the Payment Bank.

- 3.3.7. An Account Holder intending to deposit funds into a Securities Account must beforehand deposit such funds into its Settlement Giro Account, entire amount of which will directly be book-transferred by KSEI into the Securities Account owned by the intended Account Holder.

### **3.4 Securities and/or Fund Withdrawal**

- 3.4.1. The Account Holder may at any given time withdraw Securities from its Securities Account to be converted into Securities certificates in name of the intended Account Holder or other parties appointed by the intended Account Holder.
- 3.4.2. An Account Holder withdrawing Securities as that intended under item 3.4.1 must deliver a Securities Withdrawal Application to KSEI through C-BEST.
- 3.4.3. Based upon the Securities Withdrawal Application, KSEI will forward a request to Registered Company/the Registrar to issue Securities certificates in the amount of the withdrawn Securities in name of the Account Holder or other beneficiaries appointed in such an application. The receivable Securities certificates are further to be delivered to KSEI or other parties appointed by KSEI.
- 3.4.4. Effective as from receipt of the Securities Withdrawal Application from the Account Holder, KSEI will freeze the amount of Securities to be withdrawn from the Securities Account such that the intended Securities cannot be book-transferred for the settlement of a Securities transaction.
- 3.4.5. KSEI will debit the Securities Account of the withdrawal applicant upon receipt of the confirmation for the reduction of Securities registered in name of KSEI from Registered Company/the Registrar and deliver such a debit confirmation to the concerning Account Holder through C-BEST.
- 3.4.6. For the purpose of withdrawing funds from a Securities Account, an Account Holder is obligated to deliver a Fund Withdrawal Application to KSEI through C-BEST.
- 3.4.7. The withdrawing of funds from a Securities Account can only be executed by book-transferring into the Operational Giro Account opened by the intended Account Holder at the Payment Bank. KSEI does not cater to the withdrawing of funds from a Securities Account in the form of cash, check, or transfer check.

### **3.5 Cancellation of Securities Registration in KSEI**

- 3.5.1. Cancellation of Securities registration in KSEI can be justified subject to provisions under items 2.7.
- 3.5.2. Effective as from the date of cancellation of Securities registration in KSEI:
- a) Such Securities rejected for registration cannot be used for the settlement of Securities transactions by means of book-entry in KSEI.
  - b) Rights attached to such Securities rejected for registration shall be directly exercised between Registered Company and the respective Securities Holder.



### 3.6 Tender Offer

- 3.6.1. An Account Holder Intending to buy shares pursuant to a Tender Offer through KSEI must convey notice to KSEI of the plan to hold such a Tender Offer by at latest 1 (one) Business Day prior to its publication in mass media.
- 3.6.2. On the same day as that of the Tender Offer announcement in mass media, KSEI will deliver message to all Account Holders regarding the intended Tender Offer together with other related information including: Identity of the party holding the Tender Offer, Requirements and conditions of the Tender Offer.
- 3.6.3. Account Holder conducting Tender Offer bears responsibility upon the fulfillment of all provisions under prevailing laws in the Capital Market related to Tender Offer.
- 3.6.4. The Account Holder is obligated to pay a service fee of share buying through Tender Offer in accordance with the List of Service Fees determined by KSEI, which is an inseparable part of this rule. The payment of the aforementioned fee must be made by the Account Holder in compliance with provisions under item 1.5.
- 3.6.5. The book-entry of Securities for transaction settlement pursuant to a Tender Offer is conducted on the execution date of the Tender Offer under the following provisions:
  - a) Account Holder intending to sell its Securities in correlation with the Tender Offer must deliver instruction for such a Securities selling to KSEI in accordance with the Tender Offer conditions determined by the buying party in the Tender Offer.
  - b) Based upon the intended instruction to sell Securities, KSEI transfers the balance of Securities to be sold into a special account under the control of KSEI, such that the Securities cannot be book-transferred between Securities Accounts other than for the purpose of conducting the Tender Offer or should the case occur where the Account Holder instructs the cancellation of such a Securities sale.
  - c) In the occurrence of an instruction for the cancellation of a Securities sale from the Account Holder, Securities contained in the special account will be book-transferred back to the original Securities Account of the related Account Holder.
  - d) KSEI will deliver information to the Account Holder conducting the Tender Offer regarding the available amount of Securities to be bought by the intended Account Holder by no later than 7 (seven) Business Days following the termination of the offering period.
  - e) The buying party in the Tender Offer is obligated to provide fund to be effective in the account of KSEI by no later than 1 (one) Business Day prior to the exercise date of the Tender Offer.
  - f) KSEI will book-transfer Securities from the special account into the Securities Account of the buying party and book-transfer fund into the Securities Account of the selling party simultaneously on the exercise date of the Tender Offer.

- g) In the event of remaining Securities in the special account as a result of not obtaining allotment for the conduct of Tender Offer, such Securities will be book-transfer back into the Securities Account of the related Account Holder in compliance with the list of allotment results made by the party conducting the Tender Offer.

### **3.7 Conduct of Corporate Action**

#### **3.7.1. Distribution of Cash Dividend, Stock Dividend and Bonus**

- a) KSEI issues List of Account Holders and delivers such a list to Registered Company/Registrar by no later than 1 (one) Business Day following the Recording Date.
- b) KSEI will record the cash dividend, stock dividend and bonus stock distributed by Registered Company/Registrar in Securities Accounts on the first day of the intended Payment Date, under the condition that KSEI has received the registration instruction and confirmation in name of KSEI from Registered Company/Registrar for the distribution of such rights and has obtained sufficient Securities and or fund.
- c) Taxes incurred in relation to the distribution of cash dividend, stock dividend and bonus stock are to be borne by the Securities Holder in compliance with prevailing provisions regarding taxation.

#### **3.7.2. The Distribution and Exercise of Rights, Warrants and Equity Swap.**

- a) KSEI will record (credit) every distribution of Rights, Warrants and Equity Swap into a Securities Account following receipt of instruction to distribute Securities and confirmation of such Securities registration in name of KSEI from Registered Company/Registrar.
- b) The exercise of Rights, or Warrants by the Account Holder are conducted in compliance with the following provisions.
  - i) Account Holder intending to exercise Rights or Warrants must deliver instruction for the exercise of such rights to KSEI and provide sufficient fund for the exercise of such rights in Securities Account.
  - ii) KSEI will convey the instruction to exercise Rights and Warrants and make payment in respect to the exercise of such rights to Registered Company/Registrar with due consideration to the sufficiency of fund provided by the concerning Account Holder.
  - iii) KSEI will record share proceeds of the exercise of such rights into Securities Accounts following receipt of the registration confirmation of such shares in name of KSEI from Registered Company/Registrar.

- c) Right or Warrants which are not exercised by Account Holder until the lapse of exercise period as determined by Registered Company shall be removed from the recording in respective Securities Accounts. KSEI shall submit confirmation on the removal of such Securities recording to relevant Account Holders and Registered Company.

3.7.3. Exercise of rights concerning General Meeting of Shareholders (RUPS)

- a) The right to attend and cast vote in RUPS is exercised by the Securities Holder itself or by proxy.
- b) KSEI issues a List of Account Holders and delivers such a list to Registered Company/Registrar by no later than 1 (one) Business Day following the Recording Date.
- c) KSEI, in its capacity as Trust Agent of Registered Company issues and delivers a confirmation for RUPS (KTUR) to the Account Holder assuring the rights of the Securities Holder to attend and cast vote in the RUPS by no later than 4 (four) Business Days prior to the convening date of RUPS.
- d) Account Holder is obligated to forward the aforementioned KTUR to the Securities Holder becoming its Client in compliance with prevailing laws governing the Capital Market.

3.7.4. Distribution of Securities Proceeds of Merger, Consolidation, Stock Split or Reverse Stock

- a) In the event that KSEI has received instruction and confirmation of registration in name of KSEI upon share proceeds of merger, consolidation, Stock Split or Reverse Stock from Registered Company/Registrar, KSEI will record (credit) such shares into Securities Account.
- b) The shares registration of the registered companies that have taken part in a merger or consolidation will be cancelled in KSEI.
- c) KSEI will deliver confirmation regarding the recording of share proceeds of merger, consolidation, Stock Split or Reverse Stock to the Account Holder and Registered Company.

## **CHAPTER 4**

### **DEPOSITORY OF DEBT SECURITIES**

#### **4.1 Depository of Debt Securities and/or Funds into Securities Account**

4.1.1. In respect to the depository of Debt Securities issued by Securities Issuer the following provisions shall apply:

- a) KSEI records (credits) the distribution of Debt Securities proceeds of Public Offering or Limited Offer into Securities Accounts based on instruction from Securities Issuer or the Underwriter, enclosed with a Debt Securities Certificate in name of KSEI for the benefit of the Securities Holder.
- b) Specifically Debt Securities issued by Registered Company that have been traded in the Secondary Market can be kept in a Securities Account subject to the following provisions:
  - i) All dividend coupons that have not fallen due are still attached to the Debt Securities intended for safekeeping in a Securities Account.
  - ii) All dividend coupons that have fallen due have been made good by Registered Company to the Securities Holder.
  - iii) The authenticity of the Debt Bond Certificate has been verified by Registered Company, or a third party appointed by Registered Company.
  - iv) KSEI records (credits) the converted Debt Securities into a Securities Account based on instruction from Registered Company or the Trust Agent, enclosed with the Debt Certificate in name of KSEI for the benefit of the Securities Holder.
- c) Deposit of funds into a Securities Account is conducted in accordance with provisions under items 3.3.6. and 3.3.7.

4.1.2. In respect to the depository of Bank Indonesia Certificate and Government Debt Securities, the following provisions shall apply:

- a) KSEI records (credits) the distribution of Bank Indonesia Certificate and Government Debt Securities Public Offering proceeds into Securities Accounts based on Bank Indonesia recording results in BI-SSSS.
- b) Specifically for Bank Indonesia Certificate, Account Holder is obligated to deliver notification to KSEI by no later than 1 (one) Business Day prior to the deposit date.
- c) KSEI delivers a report to Bank Indonesia regarding the ownership of Bank Indonesia Certificate and Government Debt Securities safe-kept in KSEI.

- d) SUN Issuer and Bank Indonesia acknowledge and treat each Securities Holder as legal owner upon Bank Indonesia Certificate or Government Debt Securities in the amount balance of Bank Indonesia Certificate or Government Debt Securities owned and are therefore entitled to receive interest payment (coupon), principal redemption and other rights attached to Bank Indonesia Certificate or Government Debt Securities.
- e) Distribution of Government Debt Securities interest and or principal redemption payment Bank Indonesia Certificate and Government Debt Securities into Securities Accounts is performed by KSEI after Bank Indonesia credits funds for the payment of interest (coupon) and principal redemption into KSEI giro account in the BI-RTGS system.
- f) Bank Indonesia credits funds for the Government Debt Securities interest (coupon) payment and/or principal redemption or Bank Indonesia Certificate and Government Debt Securities together with funds for the payment of tax thereof (gross) into the KSEI giro account in the BI-RTGS system on a date determined by Bank Indonesia.
- g) Payment of interest (coupon) and principal redemption is made by KSEI tax deducted in compliance with prevailing regulations on taxation.
- h) Account Holder agrees to hold KSEI innocent of any obligation, responsibility, expenses, legal suite and act, dispossession, loss and payment claim arising from any party as the result of failure, postponement and delay in the payment of Government Debt Securities interest (coupon) and/or principal redemption of Bank Indonesia Certificate and/or Government Debt Securities or other rights provided sufficient proof that such a failure and/or postponement and/or delay was not the result of KSEI's negligence or misconduct.

#### **4.2 Withdrawal of Debt Securities and/or Funds**

- 4.2.1. The Account Holder may at any given time withdraw Debt Securities by means of book-entry from its Securities Account into another named Securities Account.
- 4.2.2. Withdrawal of funds from a Securities Account is conducted in accordance with provisions under items 3.4.6. and 3.4.7.

#### **4.3 Freezing or Blocking of Debt Securities**

Freezing or blocking of Debt Securities is conducted in compliance with provisions under item 2.4 and 2.5.

#### **4.4 Administration of Debt Securities Placed as Collateral**

- 4.4.1. Administration of Debt Securities placed as collateral is conducted in compliance with provisions under item 2.2.
- 4.4.2. Explicitly for the collateral pledging of Surat Utang Negara, KSEI delivers a report to Bank Indonesia regarding the recording of collateral of Surat Utang Negara owned by Account Holder or its Client.

#### **4.5 Conduct of Corporate Action**

- 4.5.1. Dividend Payment of Debt Securities  
Dividend payment to the Securities Holder is conducted by KSEI through the Account Holder based on instruction from Securities Issuer or Bank Indonesia regulation under the following conditions:
  - a) Interest payment is performed based upon prevailing provisions and conditions concerning Debt Securities.
  - b) Securities Holders entitled to interest of Debt Securities are those Securities Holders in possession of Debt Securities upon Recording Date.
  - c) By no later than the subsequent Business Day following receipt of official notification from Securities Issuer or Bank Indonesia concerning interest payment, KSEI will deliver notification to the Account Holder containing information regarding the plan for such an interest payment, and other relevant information such as interest rate and Payment Date.
  - d) KSEI issues a List of Account Holders and delivers such a list to Securities Issuer by no later than 3 (three) Business Days prior to the Payment Date.
  - e) For the payment of Government Debt Securities interest (coupon), issuing period and delivery of list of account holders to the Account Holder performed by KSEI primarily refer to regulations provisioned by Bank Indonesia.
  - f) In the case whereas Account Holder conveys no objection upon data stated in the list of account holders within a period of time determined by KSEI, the concerning Account Holder is considered to have agreed to the accuracy of such data and is therefore accountable for any inaccurate interest (coupon) payment received by the Securities Holder and/or calculation of tax thereof.
  - g) KSEI distributes the interest payment of Debt Securities to Account Holders on the first day of Payment Date under the condition that:
    - i) KSEI is in receipt of sufficient funds from Securities Issuer to make such a payment as intended under item 2.10.4.; or

- ii) Funds for the payment of SUN have been made effective by Bank Indonesia in the KSEI giro account in Bank Indonesia.
- h) In the event Securities Issuer fails to provide sufficient funds as intended under item 4.5.1.g) i), KSEI will delay the distribution of the interest payment of Debt Securities to the Account Holder until Securities Issuer can make such funds sufficient. All legal consequences arising from the delay of such an interest payment of Debt Securities will be the responsibility of Securities Issuer.
- i) Taxes incurred in relation to the interest payment of Debt Securities yang diterbitkan Securities Issuer, Government Debt Securities Issuer or Bank Indonesia will be borne by respective Securities Holders in compliance with prevailing provisions governing taxation.
- j) By no later than 1 (one) Business Day following the Payment Date, KSEI will deliver notification to the Account Holder, Securities Issuer and Trust Agent regarding the completion of the intended interest payment of Debt Securities; including that in the event of non-performance of interest payment of Debt Securities due to the failure or delay on behalf of Securities Payment in providing sufficient funds for the aforementioned purpose.

#### 4.5.2. Principal Redemption of Debt Securities

- a) Principal redemption of Debt Securities is conducted based on the amount of Debt Securities in the possession of the Securities Holder upon the maturity date of such Debt Securities.
- b) Principal redemption of Debt Securities bearing the right of the Securities Holder to redeem such Debt Securities prior to maturity date (Put Option) is conducted in accordance with conditions of Debt Securities as set forth in the document basing the issuance of the aforementioned Debt Securities under the following provisions:
  - i) An Account Holder intending to exercise the option for early principal redemption is obligated to forward an application regarding such a purpose to KSEI by no later than 4 (four) Business Days prior to the date of early redemption.
  - ii) Based on the application to exercise early redemption of Debt Securities from the Account Holder, KSEI issues a List of Account Holders and delivers such a list to Securities Issuer by no later than 3 (three) Business Days prior to the date of early redemption.
  - iii) As from the receipt of the aforementioned application from the Account Holder, KSEI freezes the amount of Debt Securities to be redeemed, such that the Debt Securities cannot be book-entered between Securities Accounts accordingly.

- c) Principal redemption of Bank Indonesia Certificate and Government Debt Securities is conducted in accordance in accordance with Bank Indonesia Regulations and Rules.
- d) Principal redemption of Debt Securities bearing the right of Securities Issuer to redeem such Debt Securities prior to the maturity date (Call Option) is conducted in accordance with conditions of Debt Securities as set forth in the document basing the issuance of the intended Debt Securities.
- e) KSEI distributes the Debt Securities principal redemption proceeds to the Account Holder through its respective Securities Account on the first day of the redemption date as set forth in the document basing the issuance of the intended Debt Securities and/or issuance document, subject to the condition that KSEI is in receipt of sufficient funds for such a payment from Securities Issuer as intended under item 2.10.4.
- f) In the event whereas Securities Issuer fails to provide sufficient funds as intended under item 4.5.2.e), KSEI will delay the distribution of Debt Securities redemption proceeds to the Account Holder until Securities Issuer makes such funds sufficient. All legal consequences arising from the delay of a Debt Securities principal redemption including fines thereof will be borne by Securities Issuer.
- g) Early redemption of SUN is conducted in compliance with State Regulations of the Republic of Indonesia and in accordance with Bank Indonesia Regulations and Rules.
- h) In respect to Debt Securities in the form of Convertible Bonds, the right of the Account Holder to convert such Bonds into Shares is conducted in accordance with the conditions of such Bonds as set forth in the Trust-Agency Agreement, under the following provisions:
  - i) An Account Holder intending to exercise Bond Conversion must deliver instruction for the conduct of such a conversion to KSEI.
  - ii) KSEI will forward the intended instruction for the conduct of conversion to Registered Company on the following Business Day.
  - iii) Counted as from the receipt of the intended instruction for the conduct of conversion from the Account Holder, KSEI will freeze the amount of Bonds to be converted, such that the Bonds cannot be book-entered between Securities Accounts accordingly.
  - iv) KSEI will record the Shares proceeds of such a Bond conversion into a Securities Account following receipt of Share registration confirmation in name of KSEI from Registered Company/the Registrar.



- v) By no later than 1 (one) Business Day preceding the Debt Securities principal redemption date, KSEI will deliver notification to the Account Holder, Securities Issuer and Trust Agent regarding the conduct of the intended Debt Securities principal redemption, including in the event of non-performance of such a redemption due to failure or delay on the behalf of Securities Issuer in providing sufficient fund thereof.

#### **4.6 General Meeting of Debt Securities Holders**

- 4.6.1. The right to attend and cast vote in a General Meeting of Debt Securities Holders or the right to request for the convening of a General Meeting of Debt Securities Holders in accordance with the conditions of Debt Securities as set forth in documentation basing the issuance of Debt Securities will be directly exercised by the Securities Holder or appointed proxies by producing the Written Confirmation for a General Meeting (KTUR) issued by KSEI according to the List of Account Holders.
- 4.6.2. The issuing and distribution of KTUR for the purpose of attending a General Meeting of Debt Securities Holders is conducted by KSEI subject to the following provisions:
  - a) KSEI issues and delivers a KTUR to the Account Holder by no later than 3 (three) Business Days prior to the holding of the respective General Meeting of Debt Securities Holders.
  - b) As from the issuing and delivery of KTUR by KSEI to Account Holders until the concluding of the respective General Meeting of Debt Securities Holders, KSEI freezes all Debt Securities correlated with the conduct of the intended General Meeting of Debt Securities Holders, such that the Debt Securities cannot be book-entered between Securities Accounts accordingly.
  - c) The settlement of all transactions of Debt Securities, settlement dates of which fall upon the freezing period of respective Debt Securities, will be delayed until 1 (one) Business Day preceding the holding of the General Meeting of Debt Securities Holders.
- 4.6.3. The Securities Holder may at any given time forward a request for the convening of a General Meeting of Debt Securities Holders to Securities Issuer through the Trust Agent under the following provisions:
  - a) KSEI delivers a confirmation of Debt Securities ownership to the Account Holder through the Trust Agent.
  - b) Counted as from the issuance of the confirmation of Debt Securities ownership, KSEI freezes the amount of Debt Securities as stated in the confirmation of Debt Securities ownership, owned by the Securities Holder who had made the request for the convening of a General Meeting of Debt Securities Holders.
  - c) The freezing of Debt Securities as intended under item 4.6.3.b) can only be revoked following consent from the Trust Agent or the concluding of the General Meeting of Debt Securities.

- 4.6.4. The Account Holder is obligated to forward the KTUR and the confirmation of Debt Securities ownership to the Client Securities Holder in compliance with provisions of prevailing laws governing the Capital Market.

#### **4.7 The Exercise of Investors' Rights Fulfillment**

The payment of interest and principal redemption of Municipal Bond is made as intended under item 4.5.1 and 4.5.2.

## **CHAPTER 5**

### **PARTICIPATION UNIT DEPOSITORY**

#### **5.1 Participation Unit Depository**

Provisions of Participation Unit depository in KSEI is performed in compliance with provisions of Equity Securities depository as intended under item 3.1.

#### **5.2 Announcement of Participation Unit Registered in KSEI**

KSEI delivers announcement of Participation Unit having registered in KSEI to Account Holder including relevant information of among others are: registration date of Participation Unit in KSEI and starting date of Participation Unit transaction settlement by book-entry.

#### **5.3 Participation Unit Depositing into Securities Account**

Participation Unit Depositing into Securities Account in KSEI is performed according to the following provisions:

- 5.3.1. KSEI will record (credit) every deposit of Participation Unit from public offering or limited offering into Securities Account of depositor following receipt of Participation Unit registration confirmation in name of KSEI from Custodian Bank.
- 5.3.2. KSEI will deliver a confirmation on the recording of Participation Unit that has been made effective in a Securities Account to the Account Holder the same day on which the registration confirmation of such Participation Unit in name of KSEI is received from Custodian Bank.

#### **5.4 Reselling (Redemption) of Participation Unit**

- 5.4.1. Account Holder may at any time perform the reselling (redemption) of Participation Unit in compliance with the prevailing laws governing the Capital Market.
- 5.4.2. The Account Holder intending to perform reselling (redemption) of Participation Unit as intended under item 5.4.1 must submit application of Participation Unit reselling to KSEI.
- 5.4.3. Having received the application of Participation Unit reselling from Account Holder, KSEI will freeze a number of Participation Unit to be resold (redeemed), such that Participation Unit cannot be book-entered for transaction settlement of Participation Unit accordingly.

- 5.4.4. Based on the application of Participation Unit reselling (redemption) from Account Holder, KSEI delivers instruction to Investment Manager to follow up such that application of Participation Unit reselling (redemption) according to the prevailing laws governing the Capital Market.
- 5.4.5. In the case the Investment Manager approves such that application of Participation Unit reselling (redemption), Custodian Bank must deduct (debit) the concerning Securities Account.

## **5.5 Freezing or Blocking of Participation Unit**

Freezing or blocking of Participation Unit is conducted in compliance with provisions under item 2.4 and 2.5.

## **5.6 Administration of Participation Unit Placed as Collateral**

Administration of Participation Unit placed as collateral is conducted in compliance with provisions under item 2.2.

## **5.7 Cancellation of Participation Unit Registration in KSEI**

Cancellation of Participation Unit Registration in KSEI is conducted in compliance with provisions under item 2.11.5 and 2.11.6.

## **5.8 Conduct of Proceeds Distribution**

- 5.8.1. Distribution of Fund and Participation Unit
  - a) KSEI issues a List of Account Holders and delivers such a list to Investment Manager/Custodian Bank by no later than 1 (one) Business Day following the Recording Date.
  - b) KSEI will record the distribution of fund and Participation Unit distributed by cash dividend, share dividend and bonus shares distributed by Investment Manager/Custodian Bank to Securities Accounts on the first day of the intended Payment Date, under the condition that KSEI is in receipt of the registration instruction and confirmation in name of KSEI from Investment Manager/Custodian Bank for the distribution of such rights being in receipt of sufficient Participation Unit and/or funds
  - c) Taxes incurred in relation to the distribution of fund and Participation Unit are to be borne by the Securities Holder in compliance with prevailing provisions regarding taxation.
- 5.8.2. Exercise of rights concerning General Meeting of Participation Unit holders (GM/RUPUP).
  - a) The right to attend and vote in a RUPUP is exercised by the Securities Holder's person or proxy.

- b) KSEI issues a List of Account Holders and delivers such a list to Investment Manager/Custodian Bank by no later than 1 (one) Business Day preceding the Recording Date.
- c) KSEI, acting as the proxy of Investment Manager/Custodian Bank, issues and deliver a confirmation for a GM (KTUR) to the Account Holder assuring the rights of Securities Holder to attend and cast vote in the RUPUP by no later than 4 (four) Business Days prior to the convening date of RUPUP.
- d) The Account Holder is obligated to further forward the aforementioned KTUR to the Client Securities Holder in compliance with prevailing laws governing the Capital Market.

## CHAPTER 6 DEPOSITORY OF ASSETS BACKED SECURITIES

### 6.1 **Depository Of Assets Backed Securities And Or Fund Into Securities Account**

In respect to the depository of Assets Backed Securities issued by Securities Issuer, the following provisions shall apply:

- 6.1.1. KSEI records (credits) the distribution of Assets Backed Securities proceeds of Public Offering or Limited Public Offering into Securities Accounts based on instruction from Securities Issuer, enclosed with Assets Backed Securities Certificate in name of KSEI for the benefit of the Securities Holder.
- 6.1.2. Deposit of fund into Securities Account is conducted in accordance with provisions under items 3.3.6. and 3.3.7.

### 6.2 **Announcement of Assets Backed Securities Registered in KSEI**

KSEI shall deliver announcement regarding Assets Backed Securities to Account Holder including relevant information of registration date of Assets Backed Securities in KSEI and initial date of transaction settlement of Assets Backed Securities by book-entry.

### 6.3 **Withdrawal of Assets Backed Securities and or Fund**

- 6.3.1. Account Holder may at any given time perform Assets Backed Securities withdrawal by means of book-entry from its Securities Account to other Securities Account.
- 6.3.2. Withdrawal of fund from a Securities Account is conducted in accordance with provisions under items 3.4.6 and 3.4.7.

### 6.4 **Freezing or Blocking of Assets Backed Securities**

Freezing or blocking of Assets Backed Securities is conducted in compliance with provisions under item 2.4 and 2.5.

### 6.5 **Administration of Assets Backed Securities Placed as Collateral**

Administration of Assets Backed Securities placed as collateral is conducted in compliance with provisions under item 2.2.

## **6.6 Proceeds Payment and or Principal Redemption and or Other Rights in Form of Fund to Assets Backed Securities Holder**

Proceeds payment and or principal redemption and or other rights in form of fund is conducted by KSEI to Assets Backed Securities Holder through Account Holder in accordance with instruction from Securities Issuer under the following provisions:

- 6.6.1. Proceeds payment and or principal redemption and or other rights in form of fund are performed based upon prevailing provisions and conditions concerning Assets Backed Securities as specified in Collective Investment Contract of Assets Backed Securities and or prospectus. Securities Holders entitled for proceeds payment and or principal redemption and or other rights in form of fund are those Securities Holders in possession of Assets Backed Securities on Recording Date.
- 6.6.2. By no later than the subsequent Business Day following receipt of official notification from Securities Issuer concerning plan of proceeds Payment and or principal redemption and or other rights in form of fund, KSEI will deliver notification to Account Holder containing information of such payment, and other relevant information of Payment Date.
- 6.6.3. KSEI issues List of Account Holders and delivers such a list to Securities Issuer by no later than 3 (three) Business Days prior to the Payment Date.
- 6.6.4. In the event that Securities Issuer conveys no objection upon data stated in the List of Account Holders within a period of time determined by KSEI, the concerning Securities Issuer is considered to have agreed to the accuracy of such data and is therefore liable for any inaccurate acceptance of proceeds Payments and or principal redemption and or other rights in form of fund received by the Assets Backed Securities Holder and or tax calculation of Assets Backed Securities Holder thereof.
- 6.6.5. KSEI distributes proceeds Payments and or principal redemption and or other rights in form of fund to Account Holder on the first day of Payment Date under the condition that KSEI has received sufficient fund for such proceeds Payments and or principal redemption and or other rights in form of fund from Securities Issuer.
- 6.6.6. In the event that Securities Issuer fails to provide sufficient fund, KSEI shall delay the distribution of proceeds Payments and or principal redemption and or other rights in form of fund to Account Holder until Securities Issuer can make such fund sufficient. All legal consequences arising from the delay of such proceeds Payments and or principal redemption and or other rights in form of fund will be borne by Securities Issuer.
- 6.6.7. Taxes incurred in relation to proceeds Payments and or principal redemption and or other rights in form of fund will be borne by concerning Securities Holder in compliance with prevailing provisions governing taxation.
- 6.6.8. By no later than 1 (one) Business Day following the Payment Date, KSEI will deliver notification to the Account Holder and Securities Issuer regarding the conduct of proceeds Payments and or principal redemption and or other rights in form of fund; including that in the event of non-performance of payment due to the failure or delay of Securities Issuer in providing sufficient fund for the aforementioned purpose.

## CHAPTER 7 DEPOSITORY OF SYARIAH SECURITIES

### 7.1 Depository of Syariah Securities in form of Equity Securities

Depository provisions of Syariah Securities in form of Equity Securities in KSEI is conducted in compliance with provisions of Equity Securities depository as intended under Chapter 3.

### 7.2 Depository of Syariah Securities in form of Sukuk

7.2.1. Depository provisions of Syariah Securities in form of Sukuk in KSEI is conducted in compliance with provisions of Debt Securities depository as intended under Chapter 4.

7.2.2. Payment of profit sharing, fee, margin and other *mutatis mutandis* proceeds shall apply to provisions under item 4.5.1 and the following provisions:

- a) Securities Issuers and Government Debt Securities Issuer are obligated to deliver notification to KSEI in relation to payment plan of profit sharing, fee, margin such as: total amount of nisbah profit sharing, margin or fee, and Payment Date by no later than 10 (ten) Business Days prior to the Payment Date.
- b) In the event the payment of profit sharing, fee, margin is insufficient owing to the change of payment rate of profit sharing, fee, margin distributed by KSEI as intended in item 7.2.2.a), Issuers of Securities and Government Debt Issuer are obligated to responsible for the insufficiency of such payment of profit sharing, fee, margin.

7.2.3. Principal Redemption of Sukuk *mutatis mutandis* shall apply to provisions under item

### 7.3 Depository of Syariah Securities in form of Syariah Participation Unit

Depository provisions of Syariah Securities in form of Syariah Participation Unit is conducted in compliance with provisions of Participation Unit depository as intended under Chapter 5.

### 7.4 Depository of Syariah Securities in Form of Assets Backed Securities

Provisions of Syariah Securities depository in form of Syariah Assets Backed Securities are conducted in compliance with Assets Backed Securities depository provisions as intended under Chapter 6.



## CHAPTER 8 SETTLEMENT OF SECURITIES TRANSACTIONS

### 8.1 Settlement of Securities Transactions

- 8.1.1. Securities transaction settlement services are part of Central Depository services provided for the fulfillment of rights and obligations as the results of Stock Exchange Transactions or Over-the-Counter Transactions conducted by means of book-entry of Securities and or funds between Securities Accounts.
- 8.1.2. Book-entry for the settlement of a Stock Exchange Transaction is the transfer of Securities and or funds between Securities Accounts in the course of settling the rights and obligations of Securities and or funds delivery as the result of a Stock Exchange Transaction conducted by Stock Exchange Members in accordance with provisions as set forth by KPEI and or The Stock Exchange.
- 8.1.3. Book-entry for the settlement of Over-the-Counter Transaction is the transfer of Securities and or funds between Securities Accounts in the course of settling the rights and obligations of Securities and or funds delivery as the result of an Over-the-Counter Transaction conducted by Account Holders in accordance with provisions hereof.

### 8.2 Book-Entry for the Settlement of Stock Exchange Transactions

- 8.2.1. Book-entry of Equity Securities and Funds
  - a) Book-entry of Equity Securities and/or funds for the settlement of Stock Exchange Transactions, clearing of which is processed by means of Netting is conducted in accordance with the following provisions:
    - i) Book-entry of Securities and/or funds by the Clearing Member or KPEI in the course of settling a Stock Exchange Transaction is conducted through a Settlement Securities Account as provisioned under KPEI Rules.
    - ii) KSEI will conduct the book-entry of Securities and/or funds based on instruction received from the Clearing Member or KPEI, acting on self-behalf and/or as proxy of the Clearing Member in relation with the operation of the concerned Settlement Securities Account.
  - b) Book-entry of Securities and/or funds for the settlement of Stock Exchange Transactions, clearing of which is processed Per Transaction (not by means of Netting) is conducted in accordance with the following provisions:
    - i) Book-entry of Securities and/or funds is conducted through the Securities Account of the Selling Clearing Member and the Buying Clearing Member on the basis of *Delivery versus Payment*.

- ii) KSEI conducts book-entry of Securities and funds based on Securities book-entry instruction from the Selling Clearing Member and funds book-entry instruction from the Buying Clearing Member.

#### 8.2.2. Book-entry of Participation Unit and Funds

Book-entry of Participation Unit and/or funds for the settlement of Stock Exchange Transactions is conducted in accordance with the provisions item 8.2.1.

#### 8.2.3. Book-entry of Debt Securities and Funds

- a) Book-entry of Debt Securities and/or funds for the settlement of Stock Exchange Transactions, clearing of which is processed by means of Netting is conducted in accordance with the following provisions:
  - i) Book-entry of Debt Securities and/or funds performed by an Account Holder in the capacity to act as Settlement Agent is performed through a Securities Account or Sub Securities Account into or from an account under the management of KPEI.
  - ii) KSEI conducts book-entry of Debt Securities and/or funds upon book-entry instruction from the Account Holder and KPEI.
- b) Book-entry of Debt Securities and/or funds for the settlement of Stock Exchange Transactions, clearing of which is processed Per Transaction (not by means of Netting) is conducted in accordance with the following provisions:
  - i) Book-entry of Debt Securities and/or funds is conducted through the Securities Account and/or Sub Securities Account on the basis of *Delivery versus Payment*.
  - ii) KSEI conducts book-entry of Debt Securities and/or funds based on Securities book-entry instruction from the Account Holder, or between Account Holder and KPEI.
- c) KPEI can only deliver Debt Securities and/or fund book-entry Instruction to Securities Accounts and Sub Securities Accounts.
- d) KSEI only executes a Debt Securities and/or fund book-entry instruction from the Account Holder according to a time frame determined by KPEI. In the event the book-entry of such an instruction cannot be performed, the instruction will be cancelled by KSEI upon request from KPEI, under the condition that KPEI is in receipt of a Power of Attorney to do so from the respective Account Holder and that a copy of such a Power of Attorney has been delivered to KSEI.
- e) Book-transfer of funds for the purpose of paying tax arising as the result of a Debt Securities Stock Exchange Transaction is made into or from an account under the management of KPEI.
- f) Book-transfer of funds for the payment of fine arising as the result of Stock Exchange Transaction settlement default is made into or from an account under the management of KPEI, as provisioned under KPEI Rules.

- g) For the purpose of performing Debt Securities Stock Exchange Transaction settlement guarantee as provisioned under KPEI Rules, KPEI may deliver instruction to KSEI as to freeze the Securities Account owned by the respective Account Holders, under the condition that KPEI is in receipt of a Power of Attorney to do so from the respective Account Holder and that a copy of such a Power of Attorney has been delivered to KSEI.
- h) KSEI delivers to KPEI an Account Holder instruction status pertaining to Stock Exchange Transaction settlement, including the tax payment instruction status upon Stock Exchange Transaction and fines arising from each Account Holder, through C-BEST.

#### 8.2.4. Book Entry of Assets Backed Securities and or Fund

Book entry of Assets Backed Securities and or fund is conducted in accordance with provisions under item 8.2.3.

#### 8.2.5. Book-entry of Syariah Securities and Funds

- a) Book-entry of Syariah Securities in form of Equity Securities is conducted in accordance with the provisions item 8.2.1.
- b) Book-entry of Syariah Securities in form of Sukuk is conducted in accordance with the provisions item 8.2.3
- c) Book-entry of Syariah Securities in form of Syariah Participation Unit is conducted in accordance with the provisions item 8.2.2
- d) Book entry of Syariah Securities in form of Assets Backed Securities is conducted in accordance with provisions under item 8.2.4.

### 8.3 Book-Entry for the Settlement of Over-the-Counter Transactions

#### 8.3.1. Book-entry of Securities and Funds

- a) Book-entry transfer an instruction for the settlement of an Over The Counter Transaction may contain stipulations regarding conditions for Delivery Versus Payment or Delivery Free Of Payment. Every Securities book-entry transfer instruction from the Account Holder to KSEI must uncorporate condition of delivery, whether with payment or without payment.
- b) KSEI conducts book-entry of Securities and/or funds upon receipt of Securities delivery instruction from the Securities Delivering Account Holder and Securities receiving instruction from the Securities Receiving Account Holder which are matched, and the availability of a sufficient Securities balance in the Securities Account of the Securities Delivering Account Holder. In the event whereas the transfer instruction includes a condition for payment, the book-entry of Securities will be conducted by KSEI upon receipt of a fund book-entry instruction from the Securities Receiving Account Holder, and the availability of a sufficient fund balance in the Securities Account of the Securities Receiving Account Holder.

- c) Book-entry of Securities and/or funds as intended under item 8.3.1.b is conducted by KSEI at a given time agreed upon by the Securities Delivery Account Holder and the Securities Receiving Account Holder with due consideration to the time frame determined by KSEI.
- d) KSEI will deliver a Securities and/or fund book-entry conduct confirmation or a failure report thereof to the respective Account Holders at the end of the current Business Day.
- e) An Account Holder conveying Securities and/or fund book-entry instruction in the course of the settlement of an Over-the-Counter Transaction must bear the responsibility to assure that such a book-entry of Securities and/or funds is not in violation of provisions under the prevailing laws governing the Capital Market.

#### 8.3.2. Book-entry of Bank Indonesia Certificate, Government Debt Securities and Funds

Book-entry of Bank Indonesia Certificate and Government Debt Securities for Over-the-Counter Transaction settlement is conducted in accordance with the following provisions:

- a) Book-entry for Bank Indonesia Certificate and Government Debt Securities for Transaction settlement without payment condition performed by internal Account Holder sources, between Account Holders or between an Account Holder and a BI-SSSS participant primarily refers to Bank Indonesia regulations.
- b) Book-entry for Bank Indonesia Certificate and Government Debt Securities for Over-the-Counter Transaction settlement with payment condition between Account Holders is performed in compliance with provisions under item 8.3.1.
- c) Book-entry Bank Indonesia Certificate and Government Debt Securities for Over-the-Counter Transaction settlement between an Account Holder and a BI-SSSS participant is conducted in accordance with the following provisions:
  - i) Bank Indonesia Certificate and Government Debt Securities book-entry instruction for Over-the-Counter Transaction settlement must state payment condition and information (DVP SBI-SUN) and primarily refer to Bank Indonesia regulations.
  - ii) Bank Indonesia Certificate, Government Debt Securities and/or funds book-entry instruction between an Account Holder and a BI-SSSS participant is performed by the Account Holder through KSEI acting in its capacity as *Sub-Registry*, by applying C-BEST.
  - iii) Referring to the Account Holder instruction, KSEI in its capacity as *Sub-Registry* forwards the intended instruction to the BI-SSSS system for Bank Indonesia Certificate and Government Debt Securities book-entry instruction and to the BI-RTGS system for fund book-entry instruction.
  - iv) Book-entry of Bank Indonesia Certificate and Government Debt Securities and/or funds is conducted in compliance with Bank Indonesia Certificate and Government Debt Securities transaction settlement procedures provisioned by Bank Indonesia.

- v) In the event Bank Indonesia Certificate and Government Debt Securities and/or fund book-entry cannot be performed in accordance with procedure as provisioned by Bank Indonesia, the concerning Account Holder agrees to hold KSEI innocent of any obligation, responsibility, expense, claim and legal act, disposition, loss and financial claim that may arise from any party as the result of such a default.

#### 8.3.3. Book-entry of Participation Unit and/or Funds

Book-entry of Participation Unit and/or funds for the settlement of Over The Counter Transactions is conducted in accordance with the provisions item 8.3.1.

#### 8.3.4. Book-Entry of Assets Backed Securities and or Fund

Book entry of Assets Backed Securities and or fund for Over The Counter transaction settlement is conducted in accordance with provisions under item 8.3.1.

### 8.4 Application of Delivery Free of Payment Instruction

8.4.1. Delivery Free of Payment instruction can be applied for settlement of Stock Exchange Transaction or Over-The-Counter Transaction

8.4.2. Account Holder is obligated to deliver Delivery Free of Payment instruction as transaction underlying of such instruction, namely: settlement of Stock Exchange Transaction or Over-The-Counter Transaction

8.4.3. In the event that Delivery Free of Payment instruction is applied for Stock Exchange Transaction, Account Holder is obligated to stipulate reference in compliance with prevailing provisions of Stock Exchange

8.4.4. In the event that Delivery Free of Payment instruction is applied for Over-The-Counter Transaction, transaction underlying basing the Delivery Free of Payment instruction, among others are:

- i) Buy sell;
- ii) Donation;
- iii) Inheritance;
- iv) Inbreng;
- v) Securities movement for the creation and redemption of Participation Unit of Mutual Fund in form of Collective Investment Contract traded at Stock Exchange (*Exchange Traded Fund*);
- vi) Securities Lending Borrowing;
- vii) Reward, gratifikasi or contribution;
- viii) Court order;
- ix) Securities collateral;

- x) Securities distribution related to *Management Stock Option (MSOP)* dan or *Employee Stock Options (ESOP)*;
  - xi) Securities distribution of initial public offering result; or
  - xii) Securities transfer between Sub Securities Accounts owned by similar client.
- 8.4.5. In the event that *Delivery Free of Payment* instruction is applied for Over-The-Counter Transaction between Sub Securities Accounts owned by different clients, transaction *underlying* of which is excluded from item 8.4.4 i) -xii), Account Holder is obligated to stipulate description of such transaction underlying in C-BEST.
- 8.4.6. Account Holder guarantees the availability of transaction *underlying* documents related to the application of *Delivery Free of Payment* instruction.

## 8.5 **Post Trade Processing**

- 8.5.1. Account Holder having made Stock Exchange or Over-the-Counter Transactions based upon instruction from its client can deliver Transaction Confirmation to obtain approval from the concerning client.
- 8.5.2. Client having received and approved such Transaction Confirmation as intended under item 8.5.1 shall later deliver settlement instruction to Account Holder managing Securities of client and Account Holder conducting Securities Transaction in compliance with requirements and conditions set forth for such transaction.
- 8.5.3. Account Holder or client having conveyed a Transaction Confirmation or Settlement Instruction is bound and will be held responsible for obligations occurring upon those parties that have received such a Transaction Confirmation or Settlement Instruction.

## 8.6 **Transaction Settlement of Repurchase Agreement (Repo)**

- 8.6.1 Transaction Settlement service of Repo is part of Central Depository services provided for the fulfillment of rights and obligations of Securities and or fund delivery inflicted upon Repo transaction conducted by Account Holder and or Client of Account Holder, comprising of:
- a) Transaction settlement of Repo by Securities book-entry (*sell buy back Repo*).
  - b) Transaction settlement of Repo without Securities book-entry (*collateralized borrowing Repo*).
- 8.6.2 Transaction settlement of Repo by Securities book-entry and or transaction settlement of Repo without Securities book-entry can be applied Repo transaction settlement conducted by Account Holder or client of Account Holder. In relation to Repo transaction conducted by client of Account Holder, such Repo transaction settlement must be conducted through Account Holder.

- 8.6.3 On settlement date of *first leg Repo* transaction, Account Holder of Repo buyer and seller deliver settlement instruction of first leg and *second leg Repo* transaction to KSEI through C-BEST.
- 8.6.4 Transaction settlement of Repo by Securities book-entry (sell buy back *Repo*)
- a) Account Holder intending to conduct settlement of Repo transaction is obligated to provide Securities and or fund for such instruction on the period determined by Account Holder Repo seller or buyer with due observance to time frame determined by KSEI.
  - b) Based upon instruction of Account Holder Repo seller or buyer as intended under item 8.6.3, on settlement date of *first leg Repo* transaction, KSEI conducts Securities and or fund book-entry for Repo transaction settlement of Account Holder and or Repo transaction settlement of Account Holder's client, having made sufficient Securities balance in Securities Account appointed by Account Holder seller and or sufficient fund balance in Securities Account appointed by Account Holder buyer
  - c) Provisions of Securities and or fund delivery for settlement of first leg Repo transaction as intended under item 8.6.4 b) *mutatis mutandis shall be* applied to settlement of *second leg Repo* transaction
- 8.6.5 Transaction settlement of Repo without Securities book-entry (*collateralized borrowing Repo*)
- a) Account Holder intending to conduct settlement of Repo transaction is obligated to provide Securities and or fund for such instruction on the period determined by Account Holder Repo seller or buyer with due observance to time frame determined by KSEI
  - b) Based upon instruction of Account Holder Repo seller or buyer as intended under item 8.6.3, on settlement date of first leg Repo transaction, KSEI conducts freezing upon Securities used for Repo transaction settlement of Account Holder and or Repo transaction settlement of Account Holder's client. Securities frozen remain recorded in Sub Securities Account of Repo seller
  - c) Along the duration of such freezing, Securities frozen cannot be withdrawn or book-transferred by Account Holder until revocation of such freezing is made.
  - d) On maturity date of *second leg Repo* transaction settlement, based upon instruction from Account Holder as intended under item 8.6.3, KSEI releases the freezing upon Securities as intended under item 8.6.5 b)
- 8.6.6 In the event that Account Holder conducts Repo transaction settlement for the Account Holder's client, Account Holder is liable for correctness of data and book-entry instruction of Securities and or fund as stipulated in Repo transaction settlement instruction provided by Account Holder's client.

- 8.6.7 In relation to transaction settlement of Repo sell buy back or Repo collateralized borrowing, KSEI conveys confirmation of first and second leg Repo transaction settlements to Account Holder seller or buyer through C-BEST. Confirmation delivery of transaction settlement of Repo sell buy back or Repo collateralized borrowing for Repo transaction settlement of Account Holder's client is conducted by Account Holder.
- 8.6.8 Account Holder may cancel the first or second leg Repo transaction settlements based upon agreement between Account Holder Repo seller or buyer.
- 8.6.9 In the event that Account Holder intends to cancel Repo transaction settlement, Account Holder seller deliver cancellation instruction of Repo transaction settlement in C-BEST.
- 8.6.10 Any legal consequences occurred as the result of cancellation of first and second leg Repo transaction settlements, including penalty for such cancellation (if any), is borne by Account Holder.
- 8.6.11 Provisions of cancellation of first or second leg Repo transaction settlements as intended under item 8.6.8 and 8.6.9 *mutatis mutandis shall be* applied to cancellation of Repo transaction settlement conducted by Account Holder's client.
- 8.6.12 In relation to Repo transaction settlement, KSEI is only obligated to conduct instruction of Repo transaction settlement from Account Holder. KSEI is not obligated to fully guarantee the fulfillment of rights and obligations determined in Repo agreement made by seller, buyer, Account Holder's client and or Account Holder.



## CHAPTER 9 WORKING COMMITTEE

### 9.1 Formation of the Working Committee

- 9.1.1 The Working Committee is a committee formed by KSEI consisting of the Business Committee, Regulation Committee and Internal Control Committee as set forth in Bapepam Regulation No. III.C.6 concerning Operational Procedures and Internal Control for Central Securities Depository.
- 9.1.2 The Committee Member is obligated to abide to this rule, and comply with procedures and guidelines of the working committee drawn up and ratified by the Working Committee.
- 9.1.3 The Committee Member is appointed and discharged by the Directors of KSEI. Such an appointment or discharge will be forwarded for approval on the subsequent General Meeting of Shareholders.
- 9.1.4 For the mid-term appointment and discharge of the Committee Member, the approval from the General Meeting of Shareholders as intended under item 9.1.3 will not be required provided the Directors of KSEI has secured proper authorization for such an appointment or discharge at the previous General Meeting of Shareholders.
- 9.1.5 The membership of each committee consists of 5 (five) persons.
- 9.1.6 The Committee Member is selected from among candidates submitted by KSEI shareholders active in the Capital Market. The criteria of active is determined based on among others volume of transactions, other business activities conducted by the Shareholder and/or other criteria established under the consideration of the Directors of KSEI.
- 9.1.7 Each member appointed by the Directors of KSEI must represent different KSEI shareholders.
- 9.1.8 Nomination of candidate committee members is made by no later than 30 (thirty) Calendar Days prior to the termination of the term of duty of the committee under the condition that each shareholder nominates 1 (one) candidate for each committee.
- 9.1.9 Nominated candidates must be member of the Board of Directors or an employee bearing title of office one rank under the position of Director of the aforementioned shareholder, by meeting the following criteria:
- a) Versed in the knowledge and skill of the Capital Market field;
  - b) In comprehension of laws governing the Capital Market; and
  - c) Is oriented to and committed toward the development of the Capital Market.

- 9.1.10 The duration of committee membership is set forth to be 2 (two) years as from the appointment date.
- 9.1.11 A committee member is entitled to resign from membership by submitting written notification to KSEI by no later than 30 (thirty) calendar days prior to such a resignation, to further be made effective 30 (thirty) calendar days following KSEI receipt of such a notification.
- 9.1.12 KSEI may fill the vacant post of committee member by appointing a replacement from among candidates nominated by KSEI shareholders as intended under item 9.1.5, or another candidate nominated by shareholders to substitute until the end of the concerned membership term.
- 9.1.13 A committee member is not permitted to concurrently serve as member of another Working Committee.
- 9.1.14 All members of the Internal Control Committee representatives of Custodian Banks.
- 9.1.15 KSEI shall be entitled the right to discharge a committee member in the event:
  - a) the person concerned is no longer employed in a company holding KSEI shares;
  - b) the person concerned is no longer bearing the title of office of Director or one rank below that of Director; or
  - c) the person concerned is absent from Committee Meetings on as many as 3 (three) consecutive occasions despite having sent a representative to attend such a meeting on his behalf.
- 9.1.16 Expenses incurred in relation with committee activities is charged to the budget of KSEI.

## **9.2 Committee Duties and Responsibilities**

- 9.2.1 Business Committee
  - a) provide suggestions and input for the Directors of KSEI, whether requested or otherwise, in relation with the provision of KSEI services, including the development and charging of fees thereof;
  - b) provide recommendations regarding change of business plans, new services, changes of KSEI service fees prior to such plans and changes being forwarded to Bapepam and LK for approval.
- 9.2.2 Regulation Committee
  - a) provide suggestions and input for the Directors of KSEI, whether requested or otherwise, in relation with rules of KSEI services;
  - b) provide recommendations upon the drafting of KSEI rules prior to such rules being forwarded to Bapepam and LK for approval;

### 9.2.3 Internal Control Committee

- a) provide suggestions and input for the Directors of KSEI, whether requested or otherwise, in relation with internal control, specifically the service provision system control to assure that KSEI provision of services are in compliance with prevailing regulations and procedures;
- b) provide recommendations upon the appointment of vendors related to the service system directly used by Account Holder including the appointment of Payment Banks;
- c) provide suggestions and remarks upon reports received from KSEI related with auditing procedure, internal control, security procedures, and any material deviation occurring in the implementation of the operational system.

9.2.4 The conveying of recommendation by the Working Committee regarding matters as intended under items 9.2.1.b), 9.2.2.b), and 9.2.3.b) is conducted by virtue of the decision of respective Committee Meetings; and such recommendations are to have been received by KSEI by no later than 5 (five) Business Days as from the date of such a Committee Meeting.

9.2.5 In the event whereas KSEI is not in receipt of recommendation from the Working Committee by 5 (five) Business Days as from the date of the Committee Meeting as intended under item 9.2.4, the Directors of KSEI, pursuant to its own policies and consideration may immediately act upon matters requested for such a recommendation.

## 9.3 Committee Meeting

9.3.1 Committee Meetings are held monthly by Committee Members and the Directors of KSEI.

9.3.2 Committee Meetings are held in venues of KSEI business activities or other places determined by the Directors of KSEI.

9.3.3 Each Committee Meeting is coordinated by the Directors of KSEI or a Committee Member representative.

9.3.4 Summon to attend a Committee Meeting is conducted by the Directors of KSEI or a committee member representative unless a date and venue has been determined on the previous meeting.

9.3.5 Summon to attend a Committee Meeting stating the related documents relevant to the agenda is delivered to concerning members by no later than 10 (ten) calendar days prior to the meeting date.

9.3.6 Decisions of Committee Meetings are concluded upon majority vote, attended by 5 (five) Committee Members or representation thereof. Appointment of/Power of Attorney to representatives shall only be granted to 1 (one) person of the same company and be granted on permanent basis subject to the approval of KSEI.

9.3.7 Each Committee Member attending a Committee Meeting is entitled to meeting honoraria, amount of which is stipulated by Decree of the Board of Directors of KSEI.

9.3.8 A Committee Meeting may be attended by other invitees as determined by the Board of Directors of KSEI.

- 9.3.9 Each Committee Meeting will be recorded in minutes and bear the signatures of the Directors of KSEI; copies thereof to be delivered to respective members and Bapepam and LK.

#### **9.4 Committee Secretariat**

9.4.1 In performing its duties, the Working Committee is assisted by a KSEI working unit appointed by the Directors of KSEI to act as Working Committee secretariat.

9.4.2 Duties and responsibilities of the Working Committee secretariat comprises:

- a) the preparing of meeting schedules, invitations, venues and agenda including the drawing up of the minutes of meetings; and
- b) the conducting of secretarial duties for the implementation of Working Committee activities.

Stipulated in : Jakarta  
Date : June 15, 2012

#### **PT Kustodian Sentral Efek Indonesia**

**Ananta Wiyogo**  
President Director

**Sulistyo Budi**  
Director

**Margeret M. Tang**  
Director