

To
**The Board of Directors/
The Principal of Account Holder of KSEI**
In Place of Domicile

Jakarta, December 30th, 2015

Circular Letter

NO.SE-0005/DIR-EKS/KSEI/1215

Regarding : **Overbooking of Securities Without Funds Payment with Free of Payment Instruction at KSEI**

For the purpose of disciplining the overbooking of Securities instruction without funds payment with Free of Payment (FOP) instruction mechanism as stipulated in the KSEI Regulation Number V-D Regarding Free of Payment Instruction (Attachment to the Decree of the Board of Directors of PT Kustodian Sentral Efek Indonesia Number: KEP-0037/DIR/KSEI/1215 dated December 17th, 2015), we hereby provide those related to technical use of FOP instruction as follows:

1. FOP implementation at KSEI for the purpose of Securities Transaction settlement is conducted with the following mechanism:

1.1 The Participant shall declare the settlement purpose on FOP instruction in C-BEST, i.e.:

1.1.1 Exchange Transaction Settlement; or

1.1.2 Non-Exchange Transaction Settlement.

1.2 Exchange Transaction Settlement

In the event that FOP instruction will be used for overbooking of Securities in the framework of Exchange Transaction settlement, then:

1.2.1 The Participant who is as A Member of Stock Exchange, obliged to fill-in the transaction reference number in Reference Number column with the following terms:

Reference Number = Number issued by A Member of Stock Exchange which distinguishes between Exchange Transaction from other Exchange Transactions with the following format (maximum 16 characters):
[AB Code + Transaction Confirmation Number]

“AB Code”	= A Member of Stock Exchange Code
“Transaction Confirmation Number”	= Confirmation number stated in the trade confirmation which is used by respective A Member of Stock Exchange.

1.2.2 The Participant who is not a Member of Stock Exchange, is obliged to fill-in the Reference Number column by using transaction reference number or internal reference in case there is no transaction reference number provided that internal reference used is related to and may prove the Exchange Transaction being carried out.

1.3 Non-Exchange Transaction Settlement

In the event that FOP instruction is used for overbooking of Securities for the purpose of Non-Exchange Transaction settlement, the Participant shall to:

1.3.1 Fill-in the settlement reason column which constitutes the background for the settlement of transaction (underlying transaction) as stated in point 2.8 of the Regulation of KSEI Number V-D Regarding Free of Payment Instruction; and

1.3.2 Ensure the availability of the supporting document underlying the said overbooking of Securities as provided in the attachment to this circular letter.

1.4 Overbooking of Securities Among Sub-Registry

In the event FOP will be used for Securities Transaction settlement for Debt Securities/Sukuk issued by the State including Bank Indonesia, and carried out among Sub-Registry, then the Participant shall submit FOP instruction without filling out the Reference Number column.

2. With respect to the obligation of using FOP instruction for any overbooking of Securities which is not supplemented by overbooking of funds and it is made between Main Securities Accounts 001, between Sub-Securities Accounts 001 or between Main Securities Accounts 001 and Sub-Securities Accounts 001, either within the same Participant or between the different Participants, **the Participant will not be allowed to use SECTRS (Securities Transfer) and BONDTRS (Bond Transfer) instruction in C-BEST** for overbooking of Securities among those Securities Accounts.
3. To support the implementation of its duty as the Clearing and Guarantee Institution, KPEI may use FOP instruction in the Exchange Transaction settlement activities for Debt Securities.

4. With the enactment of Circular Letter of the Board of Directors of KSEI Number SE-0005/DIR-EKS/KSEI/1215 dated December 30th, 2015 regarding Overbooking of Securities Without Funds Payment with Free of Payment Instruction at KSEI, the Circular Letter of the Board of Directors of KSEI Number SE-0001/DIR-EKS/KSEI/0114 dated January 23rd, 2014 regarding Book-Entry of Securities with Free of Payment Instruction at KSEI is revoked and declared no longer valid.
5. This Circular Letter is effective as from January 1st, 2016.

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

Sincerely yours,

PT Kustodian Sentral Efek Indonesia

Margaret M. Tang
President Director

Syafruddin
Director

Copy to:

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

No.	Type/Settlement Reason	Supporting Document
1.	a. Sale-Purchase Equity Securities, Asset-Backed Securities, and/or Participation Unit	<ol style="list-style-type: none"> 1. Securities book-entry instruction from the Client; and 2. The copy of sale-purchase agreement under the name of the Client.
	b. Sale-Purchase of Debt Securities	<ol style="list-style-type: none"> 1. Securities book-entry instruction from the Client; and 2. Written confirmation on sale and/or purchase of Securities from the party carrying out the transaction.
2.	Grant	<ol style="list-style-type: none"> 1. Securities book-entry instruction from the Client; and 2. The copy of grant agreement under the name of the Client.
3.	Inheritance	<ol style="list-style-type: none"> 1. Securities book-entry instruction from the Client; and 2. The copy of inheritance deed, certificate of inheritance, or copy court stipulation.
4.	<i>Inbreng</i> (share contribution)	<ol style="list-style-type: none"> 1. Securities book-entry instruction from the Client; and 2. The copy of deed of <i>inbreng</i> (share contribution) under the name of the Customer.
5.	Securities transfer in the framework of creation and repayment of Mutual Fund Participation Unit in form of Collective Investment Contract Traded at Stock Exchange (Exchange Traded Fund)	Instruction from dealer Participant.

No.	Type/Settlement Reason	Supporting Document
6.	Securities Lending and Borrowing	<ol style="list-style-type: none"> 1. Securities book-entry instruction from the Client; and 2. The Copy of agreement of lending and borrowing of Securities under the name of the Client.
7.	Reward, gratification or donation	<ol style="list-style-type: none"> 1. Securities book-entry instruction from the Client; and 2. Statement letter from the Client either as the giver or the recipient.
8.	Decision of judicial board	Execution order from judicial board.
9.	Collateral Securities	<ol style="list-style-type: none"> 1. Securities book-entry instruction from the Client; and 2. The copy of pledge agreement or fiduciary notarial deed or guarantee agreement or fiduciary certificate under the name of the Client.
10.	Securities distribution related to Management Stock Option (MSOP) dan/or Employee Stock Options (ESOP)	Report from the Listed Company/Securities Administration Bureau.
11.	Securities distribution of initial public offering result	<ol style="list-style-type: none"> 1. Allotment result document under the name of the Client; or 2. Distribution instruction from selling agent/underwriter which stating the order reference number of the Client.
12.	Securities Book-entry between Sub-Securities Accounts owned by the same Client.	Securities book-entry instruction from the Client.

No.	Type/Settlement Reason	Supporting Document
13.	Repo Transaction	<ol style="list-style-type: none"> 1. Instruction on Repo Transaction from the Client. 2. The copy of written agreement on Repo Transaction pursuant to Indonesian GMRA as referred to in OJK Regulation Number 9/POJK.04/2015 regarding the Guidelines on Repurchase Agreement Transaction for Financial Services Institution and Circular Letter of OJK Number 33/SEOJK.04/2015 regarding Global Master Repurchase Agreement Indonesia.
14.	Conversion	<ol style="list-style-type: none"> 1. Instruction on Conversion from the Client; and 2. Written confirmation on Securities Conversion from the related party.