

**REGULATION OF KSEI NUMBER I-C
REGARDING
SECURITIES SUB-ACCOUNT**

1. DEFINITIONS

In this regulation, referred to as:

- 1.1. **Securities Sub-Account** shall be the Securities Account under the name of the client registered in the Securities Account under the name of the Account Holder at the Indonesia Central Securities Depository.
- 1.2. **Depository Securities Sub-Account** which hereinafter will be referred to as the **"Securities Sub-Account 001"** shall be the Securities Sub-Account used by the Account Holder to deposit Securities and register the Securities and/or the fund owned by the Account Holder client.
- 1.3. **Guarantee Securities Sub-Account** which hereinafter will be referred to as the **"Securities Sub-Account 004"** shall be Securities Sub-Account used by the client of the Clearing Member to place collateral in the form of Securities and/or fund which can be used by KPEI to settle Exchange Transaction and/or to settle the obligation of the client of the Clearing Member.
- 1.4. **Lender Securities Sub-Account for Securities Lending-Borrowing** which hereinafter will be referred to as the **"Securities Sub-Account 005"** shall be Securities Sub-Account used by the Account Holder client who has obtained approval from KPEI, to place the Securities which will be lent and/or to receive the return of lent Securities related to Securities lending-borrowing transaction at KPEI.
- 1.5. **Margin Transaction Funding Securities Sub-Account** which hereinafter will be referred to as the **"Securities Sub-Account 008"** shall be Securities Sub-Account used by the Account Holder client for the placement of Securities and/or fund, specifically to be used for the interest of qualified Margin Transaction client to receive payment for the settlement of Securities Transaction in Exchange Transaction.
- 1.6. **Sharia Securities Sub-Account** which hereinafter will be referred to as the **"Securities Sub-Account 009"** shall be Securities Sub-Account used by the Account Holder client to deposit Securities and register Securities and/or fund owned by the Account Holder client particularly for Sharia-based Securities in accordance with their functions based on the prevailing statutory regulations.
- 1.7. **Account Holder** shall be the Party whose name is registered as the owner of the Main Securities Account.
- 1.8. **PT Kustodian Sentral Efek Indonesia**, which hereinafter will be referred to as **"KSEI"** shall be a company which has obtained business permit from the Financial Services Authority to administer business activity as the Central Securities Depository.
- 1.9. **Securities** shall be the financial instrument, namely promissory notes, commercial papers, shares, bonds, evidence of indebtedness, Participation Unit of collective investment contract, futures contract related to Securities, and all derivatives from Securities, as referred to in the Law regarding Capital Market.
- 1.10. **Financial Services Authority** which hereinafter will be referred to as **"OJK"** shall be the independent institution which is free from the interference of other parties, having the functions, tasks, and authorities for the regulation, supervision, examination and investigation as referred to in the Law regarding Financial Services Authority.

- 1.11. **Regulation of KSEI** shall be the regulation issued by KSEI and will be effective upon obtaining approval from OJK, including its implementing regulations issued by KSEI from time to time.
- 1.12. **Clearing Member** shall be the Stock Exchange Member or other party, who meets the qualification for acquiring Exchange Transaction Clearing and Guarantee services according to the regulations of KPEI as referred to in Article 1 Point 6 of the Regulation of the Financial Services Authority Number 26/POJK.04/2014 regarding the Exchange Transaction Settlement Guarantee.
- 1.13. **PT Kliring Penjaminan Efek Indonesia** which hereinafter will be referred to as "**KPEI**" shall be a company which has obtained business permit from OJK to organize business activities as the Clearing and Guarantee Institution.
- 1.14. **Margin Transaction** shall be Securities purchase transaction for the interest of the client which is financed by Securities Company as referred to in point 1 letter k of the Regulation of the Capital Market and Financial Institutions Supervisory Agency Number V.D.6 regarding the Financing of Securities Transaction by Securities Company for Customer and Short Selling Transaction by Securities Company, Attachment to the Decree of the Chairman of the Capital Market and Financial Institutions Supervisory Agency Number KEP-258/BL/2008 dated June 30th, 2008.
- 1.15. **Dormant Securities Sub-Account** which hereinafter will be referred to as the "**Dormant Account**" shall be Securities Sub-Account which within a period of 180 (one hundred eighty) calendar days consecutively starting as of the last date of record of the balance of the Securities and/or fund as stipulated in the Regulation of KSEI, does not have:
 - i. the balance of Securities and/or fund in the relevant Securities Sub-Account and/or the fund in the Client Fund Account linked to the relevant Securities Sub-Account; and
 - ii. the mutation of Securities and/or fund in the Securities Sub-Account and/or fund in the Client Fund Account linked to the relevant Securities Sub-Account.
- 1.16. **Special Securities Account** shall be Securities Account used by KSEI to deposit Securities and/or fund which has been once administered by the Account Holder, since the relevant Account Holder is no longer qualified as stipulated in the prevailing statutory regulations or based on the instruction from OJK.
- 1.17. **Securities Account** shall be the account containing record regarding the position of the Securities and/or fund registered at KSEI.
- 1.18. **Working Day** shall mean the day on which central Custodian and Securities Transaction settlement services are being held by KSEI, which are from Monday through Friday, unless those days which constitute national holidays or are declared as day-off by KSEI.

2. TYPES OF SECURITIES SUB-ACCOUNT

- 2.1. Securities Sub-Account consist of as following:
 - 2.1.1. Securities Sub-Account 001.
 - 2.1.2. Securities Sub-Account 004.
 - 2.1.3. Securities Sub-Account 005.
 - 2.1.4. Securities Sub-Account 008.

- 2.1.5. Securities Sub-Account 009.
- 2.2. The Account Holder shall be obliged to use the Securities Sub-Account as referred to in point 2.1 in accordance with its type and function.
- 2.3. In the event that it is required by KSEI, KSEI shall be entitled to open other Securities Sub-Account.

3. OPENING OF SECURITIES SUB-ACCOUNT

3.1. General Provisions for the Opening of Securities Sub-Account

- 3.1.1. The Account Holder managing the Securities and/or fund of the client shall be obliged to open Securities Sub-Account to deposit Securities and/or fund of each of its clients in accordance with the provisions of the prevailing statutory regulations in the Capital Market sector.
- 3.1.2. Securities Sub-Account is opened by KSEI, either based on the application of the Account Holder, the instruction of OJK or the needs of KSEI.
- 3.1.3. 1 (one) Securities Sub-Account 001 may be opened for each Account Holder client.
- 3.1.4. Account Holder must firstly open Securities Sub-Account 001 for its client if the relevant client intends to open other types of Securities Sub-Account.
- 3.1.5. Securities Sub-Account will be opened under the name of 1 (one) Account Holder client, in accordance with the identity of the relevant Account Holder client, based on the documents prescribed in the prevailing statutory regulations in the Capital Market sector, including the Regulation of KSEI.
- 3.1.6. The Account Holder shall be responsible for the application on the opening of Securities Sub-Account under the name of the Account Holder client submitted to KSEI which is based on the written instruction from the Account Holder client and only for the interest of the Account Holder client.
- 3.1.7. In the event that it is required by KSEI, the application for the opening of Securities Sub-Account must be supplemented by data and information or documents related to the identity of the Account Holder client as referred to in the Regulation of KSEI regarding *Single Investor Identification (SID)*.
- 3.1.8. Data and information or documents presented to KSEI as referred to in point 3.1.7 must conform to the data and information or documents presented by the Account Holder client to the Account Holder.
- 3.1.9. KSEI shall be entitled to reject the application for the opening of Securities Sub-Account if there is any discrepancy between the data and information or documents presented to the Account Holder and data possessed by KSEI or data of the third party which constitutes the data reference source based on the approval from KSEI.
- 3.1.10. The Account Holder shall be obliged to maintain the data and information or the supporting documents under the name of Account Holder client in accordance with the prevailing statutory regulations in the Capital Market sector.

3.1.11. If based on the information from the Account Holder client, there is any change of data and information or documents of the Account Holder client resulting changes to the Securities Sub-Account, then, the Account Holder shall be obliged to update the data on the relevant Securities Sub-Account.

3.1.12. The Account Holder may have Securities Sub-Account under its own name, either for depositing Securities Portfolio and/or its own fund and/or for the operational interest of the Account Holder, to the extent it does not contradict to the prevailing statutory regulations in the Capital Market sector, including the Regulation of KSEI.

3.1.13. Application for the opening of Securities Sub-Account as referred to in point 3.1.12 by the Account Holder must be supplemented by the underlying objective for the opening of the relevant Securities Sub-Account.

3.2. Opening of Securities Sub-Account for the Client of the Clearing Member

The Account Holder who constitutes a Clearing Member, in addition to being obliged to open 1 (one) Securities Sub-Account 001 for its clients, is also obliged to open Securities Sub-Account 004.

3.3. Opening of Securities Sub-Account for Sharia Securities

The Account Holder providing Sharia Securities depository services, based on the request of the Account Holder client, may submit application for the opening of Securities Sub-Account 009 under the name of the relevant Account Holder client.

3.4. Opening of Securities Sub-Account for Securities Lending-Borrowing Purposes at KPEI

In the event that the Account Holder client constitutes a lender and/or borrower in the Securities lending-borrowing transaction carried out by KPEI for the settlement of Exchange Transaction, the Clearing Member and/or Custodian Bank obtaining approval from KPEI shall be obliged to submit application for the opening of Securities Sub-Account 005 under the name of the relevant Account Holder.

3.5. Opening of Securities Sub-Account for Margin Transaction

The Account Holder providing Margin Transaction facilities may submit application for the opening of Securities Sub-Account 008 under the name of the relevant Account Holder client.

4. DORMANT ACCOUNT

If there is any Dormant Account in carrying out the administration of Securities Sub-Account, then, the Account Holder shall:

4.1. Carry out the closing of the relevant Dormant Account starting as of the time the Securities Sub-Account is declared as Dormant Account by KSEI; or

4.2. Disburse the penalty on the Dormant Account as referred to in the Regulation of KSEI regarding KSEI Service Fees.

5. RELATIONSHIP BETWEEN KSEI AND THE ACCOUNT HOLDER CLIENT

- 5.1. KSEI will not be accountable to the Account Holder client for the administration of Securities Sub-Account at KSEI by the Account Holder.
- 5.2. In carrying out its duties for the purpose of developing and socializing capital market industrial activities, KSEI may contact the Account Holder client and inform it to the Account Holder.
- 5.3. KSEI may carry out book-entry settlement of Securities and/or fund of the Account Holder client in the Special Securities Account into the designated Securities Account to the extent KSEI has obtained the delegation of administration authority from the Account Holder and/or the approval from OJK.

6. CLOSING OF SECURITIES SUB-ACCOUNT

- 6.1. Closing of Securities Sub-Account may be carried out either partially or entirely based on the application of the Account Holder, either based on the application of the Account Holder client or based on the prevailing statutory regulations.
- 6.2. Application for the closing of Securities Sub-Account 001 must be carried out in line with the application for the closing of other types of Securities Sub-Account linked to the relevant Securities Sub-Account 001, if any.
- 6.3. Application for the closing of Securities Sub-Account may only be carried out if on the date of submission of the application for the closing:
 - 6.3.1. There is no balance of Securities and/or fund in the relevant Securities Sub-Account; and
 - 6.3.2. There is no obligation or right of the Account Holder client over the Securities Transaction settlement activities which have not yet been settled based on the record of KPEI.
- 6.4. The Account Holder shall be obliged to ensure and be responsible that the Securities Sub-Account to be closed has fulfilled the provision of point 6.3.
- 6.5. If the Securities Sub-Account to be closed did not fulfill the provision of point 6.3, then, KSEI shall be entitled to reject the application for the closing of the relevant Securities Sub-Account.
- 6.6. KSEI will close the Securities Sub-Account which is administered by the Account Holder if the relevant Account Holder did not fulfill the requirements as the Account Holder as referred to in the Regulation of KSEI and/or based on the instruction of OJK.
- 6.7. In the event that there is a closing of Securities Sub-Account by KSEI as referred to in point 6.6, if in the relevant Securities Sub-Account, there still remains Securities and/or fund, then, KSEI will carry out book-entry settlement of the relevant Securities and/or fund into the Special Securities Account.
- 6.8. Securities Sub-Account which has been closed cannot be re-opened.

7. REPORT REGARDING SECURITIES SUB-ACCOUNT

- 7.1. KSEI will provide report related to the Securities Sub-Account at the end of every Working Day to the Account Holder through the mechanism stipulated by KSEI.
- 7.2. The report as referred to in point 7.1 will indicate data of the Securities Sub-Account, the balance of the Securities and/or fund, as well as the mutation of Securities and/or fund in the Securities Sub-Account on the relevant Working Day.
- 7.3. The Account Holder shall be obliged to verify the correctness of the report related to the Securities Sub-Account.
- 7.4. In the event that there is any discrepancy in the recordation of Securities and/or fund between the relevant report and the record of the Account Holder, then, the Account Holder shall be obliged to deliver the confirmation to KSEI at the latest at 17:00 WIB on the subsequent Working Day starting after the relevant report of KSEI aforesaid is available.
- 7.5. If the delivery of confirmation over the discrepancy of the relevant report of KSEI is delivered later than 17:00 WIB on the subsequent Working Day after the relevant report of KSEI is made available, then, KSEI shall not be responsible for the losses arising from the mistake of registration in the relevant report of KSEI.
- 7.6. Unless proven otherwise, the report made available by KSEI as referred to in point 7.2, constitutes the valid evidence of ownership for the Account Holder and/or the Account Holder client over the Securities and/or fund deposited in the Securities Sub-Account, in accordance with the prevailing statutory regulations.

Stipulated in: Jakarta
On: December 22nd, 2017

PT Kustodian Sentral Efek Indonesia

Friderica Widyasari Dewi
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