

**REGULATION OF KSEI NUMBER VIII
REGARDING
SANCTIONS OF KSEI**

1. DEFINITIONS

- 1.1. In this regulation, referred to as:
- 1.1.1. **PT Kustodian Sentral Efek Indonesia** which hereinafter will be referred to as "**KSEI**" shall be a company which has obtained business permit from OJK to administer business activity as the Central Securities Depository.
 - 1.1.2. **Services User** shall be the Account Holder and/or the Securities Issuer.
 - 1.1.3. **Main Securities Account** shall be the Securities Account under the name of the Participant or other parties approved by OJK.
 - 1.1.4. **Account Holder** shall be the Party whose name is recorded as the owner of the Main Securities Account
 - 1.1.5. **Regulation of KSEI** shall be the regulation issued by KSEI and will be effective after obtaining approval from OJK, including its implementing regulations issued by KSEI from time to time.
 - 1.1.6. **Financial Services Authority** which hereinafter will be referred to as "**OJK**" shall be an independent institution which is free from the intervention of other parties, having functions, tasks and authorities for regulating, supervising, examining and investigating as referred to in the Law regarding the Financial Services Authority.

2. TYPES OF SANCTIONS OF KSEI

- 2.1. KSEI may impose the following administrative sanctions towards the Services User:
- 2.1.1. Written warning;
 - 2.1.2. Penalty at the maximum in the amount of Rp.500.000.000,- (five hundred million Rupiah);
 - 2.1.3. Suspension of services provision to the Services User;
 - 2.1.4. Freezing of Main Securities Account for the Services User acting as the Account Holder;
 - 2.1.5. Annulment of Securities registration at KSEI for the Services User acting as the Securities Issuer;
 - 2.1.6. Closing of Main Securities Account for the Services User acting as the Account Holder.
- 2.2. The provisions regarding the types of sanctions as referred to in the provision of point 2.1 above may be tiered or non-tiered as well as may be imposed individually and collectively with the imposition of other sanctions.

3. IMPOSITION OF SANCTIONS

- 3.1. Sanctions will be imposed toward the Services User committing violation against the Regulation of KSEI and/or the agreement of KSEI and the Services User.
- 3.2. Inspection Result Report will be used as the basis for the imposition of sanctions toward the Services User.
- 3.3. Sanctions will be imposed with due observance of the sustainability of the Capital Market industry.
- 3.4. The imposition of sanctions towards the Services User will be reported to OJK.
- 3.5. The imposition of sanctions will be effective starting as of the stipulation date of the sanction stipulation letter issued by KSEI.
- 3.6. For sanctions as referred to in point 2.1.2 above, then:
 - 3.6.1. Payment of penalty must be made in accordance with the date as stated in the sanction stipulation letter.
 - 3.6.2. If within the deadline as referred to in the provision of point 3.6.1. above, the Services User did not carry out its obligation, then, KSEI may charge interest for late payment totaling to 1% (one percent) per calendar day of the imposed penalty value, or will be imposed other sanctions, or a combination of penalty sanction with other sanctions.
- 3.7. For sanctions as referred to in point 2.1.3 and 2.1.4 above, they will be imposed up to the deadline stipulated by KSEI.
- 3.8. Imposition of sanctions by KSEI will not stop the obligation of the Service User arising before the imposition of sanctions.

4. ADMINISTRATIVE EFFORTS AGAINST THE IMPOSITION OF SANCTIONS OF KSEI

- 4.1. Upon the sanctions imposed by KSEI, the Services User will be entitled to file application of administrative effort to KSEI.
- 4.2. Application of administrative effort as referred to in point 4.1 above will be submitted to KSEI at the latest 5 (five) Working Days after the receipt of sanction stipulation letter by the Services User.
- 4.3. The administrative effort may only be accepted by KSEI before the objection is filed to OJK.
- 4.4. Application for administrative effort will be submitted in writing in the Indonesian Language by at least containing:
 - 4.4.1. the reason for submission of administrative effort application;
 - 4.4.2. any matters desired by the Party who are submitting administrative effort; and
 - 4.4.3. new data and/or supporting documents which are not yet delivered during the Inspection process of KSEI.

- 4.5. The copy of application for administrative effort as referred to in point 4.4. shall be delivered to OJK simultaneously with the application for administrative effort to KSEI.
- 4.6. Upon the application for administrative effort as referred to in point 4.2 above, KSEI will examine and make as well as provide stipulation or response over the result of review on the administrative effort to the Services User aforesaid at the latest 60 (sixty) working days after the receipt of the complete application letter for administrative effort by KSEI.
- 4.7. In the event that KSEI cannot provide stipulation or response over the submission of administrative effort within the period as referred to in point 4.6, the submission of administrative effort will be considered of being accepted.
- 4.8. The administrative effort submitted by the Service User will not stop the obligation of the Services User over the fulfillment of sanctions which have been stipulated.
- 4.9. In the event that the Services User aforesaid objected the result of stipulation over the administrative effort issued by KSEI, the Service User aforesaid may file objection to OJK as stipulated in the prevailing statutory regulations.
- 4.10. If OJK accepted a portion of or the entire objection filed by the Service User, then:
 - 4.10.1. The Services User will be obliged to deliver the decision of OJK regarding the objection aforesaid to KSEI;
 - 4.10.2. KSEI will issue and deliver the letter of amendment to the stipulation of sanction regarding the adjustment or the nullification of stipulation of sanction towards the Services User and publish it;
 - 4.10.3. Any actions which have been taken by KSEI in relation to the imposition of sanction towards the Services User will remain to be valid and binding starting as of the imposition of sanction aforesaid by KSEI up to the date of receipt of information from the Service User regarding the result of objection over the sanction of KSEI from OJK.
- 4.11. Related to the sanction for the payment of penalty and/or interest, then, will be applicable the following provisions:
 - 4.11.1 In the event that KSEI accepted a portion of or the entire administrative effort submitted by the Service User, then, KSEI will return the payment of penalty along with the interest for late payment (if any) which has been received by KSEI to the Service User in accordance with the amount stipulated in the decision over the administrative effort;
 - 4.11.2 In the event that OJK accepted a portion of or the entire objection submitted by the Service User, then, KSEI will return the payment of penalty along with the interest for late payment (if any) which has been received by KSEI to the Service User in accordance with the amount stipulated in the decision over the objection.
- 4.12. Implementation for the imposition of sanction by KSEI over the objection submitted by the Service User to the OJK, will be applicable the following provisions:
 - 4.12.1. If the objection aforesaid is rejected by OJK by corroborating the decision of KSEI, then, the sanction of KSEI will continue to be implemented against the Service User;

4.12.2. If the objection aforesaid is granted by OJK by annulling or amending the decision of KSEI, then, the sanction of KSEI aforesaid will be revoked or corrected in accordance with the decision of OJK.

4.13. The decision of OJK over the objection as referred to in point 4.12. will be final and binding.

5. PUBLICATION OF SANCTIONS

5.1. KSEI may publish sanction imposed on the Service User through the media which is accessible by the general public.

5.2. Amendment to the sanction of KSEI based on the result of decision of OJK towards the application of objection from the Service User will be published through the media which is accessible by the general public.

Stipulated in : Jakarta
On : December 6th, 2018

PT Kustodian Sentral Efek Indonesia

Syafruddin
Director