

To
**The Board of Directors/the Principals of
The Account Holders of KSEI**
In the Place of Domicile

Jakarta, June 9th, 2021

CIRCULAR LETTER
No. SE-0003/DIR-EKS/KSEI/0621

Regarding: **Mechanism for the Utilization of Free of Payment (FOP) for the Book-Entry of Securities Instruction Without Payment of Fund at KSEI**

In the framework of providing further explanation over the utilization of FOP as one of the free of payment instruction for the book-entry of Securities Instruction without payment of fund at KSEI as stipulated in the Regulation of KSEI Number V-D regarding Free of Payment Instruction for the Book-entry of Securities at KSEI (Attachment to the Decree of the Board of Directors of KSEI Number KEP-0021/DIR/KSEI/0720 dated July 29th, 2020), the Account Holder who is using FOP shall comply with the following provisions:

1. Implementation of FOP at KSEI in the framework of Securities Transaction, will be carried out in the following mechanism:
 - 1.1. The Account Holder shall state the settlement purpose over FOP in the place of trade type column at C-BEST, which is:
 - 1.1.1. Settlement of Exchange Transaction; or
 - 1.1.2. Settlement of Off-Exchange Transaction.
 - 1.2. Settlement of Exchange Transaction

In the event that FOP is used for Securities book-entry in the framework of settlement of Exchange Transaction, therefore:

- 1.2.1. The Account Holder who constitutes as the Member of Stock Exchange shall state the reference number in the trade identification column at C-BEST, which is in the form of transaction reference number, with the following provisions:

"Reference Number" = Number issued by the Member of Stock Exchange will differentiate between one Exchange Transaction and other Exchange Transaction, with the following format (at the maximum consisting 16 characters):

[AB Code + Transaction Confirmation Number]

"AB Code" = Stock Exchange Member Code

"Transaction Confirmation Number" = Confirmation number stated in the trade confirmation which is currently used by each Member of Stock Exchange.

1.2.2. The Account Holder who is not a Member of Stock Exchange, shall fill in the reference number in the trade identification column at C-BEST by using the trade confirmation number or by using the internal reference, if there is not any trade confirmation number, provided that the internal reference being used may linked to the instruction of the Client or the Party stating that the instruction aforesaid is related to the Exchange Transaction being carried out.

1.3. Settlement of Off-Exchange Transaction

In the event that FOP is used for Securities book-entry in the framework of settlement of Off-Exchange Transaction, the Account Holder shall:

1.3.1. Fill in the settlement reason in the transaction type column which constitutes the background of the transaction settlement (underlying transaction) as stated in point 3.1.7. of the Regulation of KSEI Number V-D regarding Free of Payment Instruction for the Book-Entry of Securities at KSEI; and

1.3.2. Ensure the availability of the supporting documents which becomes the basis of the aforesaid Securities book-entry settlement, as stated in the attachment of this circular letter.

1.4. Insertion of reference code (common reference)

1.4.1. Referring to the provisions of point 3.1.4. of the Regulation of KSEI Number V-D regarding Free of Payment Instruction for the Book-Entry of Securities at KSEI, the Account Holder shall state the reference code in the common reference column for the utilization of FOP for the purpose of book-entry of Securities settlement within the same Account Holder (within member).

1.4.2. The reference code as referred to in point 1.4.1. constitutes as the matching criteria over the implementation of FOP.

1.5. Securities Book-Entry Settlement among Sub-Registry

In the event that FOP is used for the settlement of Securities Transaction for Debt Securities/Sukuk issued by the State, including by Bank Indonesia, and is carried out among Sub-Registry, therefore, the Account Holder shall state the Centralized Trading Platform (CTP) number in the common reference column.

2. In relation to the obligation to use FOP for every Securities book-entry settlement which is not followed up by the book-entry settlement of fund and carried out among Main Securities Account 001, Main Securities Account 009, Securities Sub-Account 001, Securities Sub-Account 008, and Securities Sub-Account 009, either within the same Account Holder or among different Account Holders, therefore, the Account Holder is not permitted to use the Securities Transfer instruction (SECTRS) at C-BEST for Securities book-entry settlement among such Securities Accounts.

3. In order to support the implementation of duties as the Clearing and Guarantee Institution, KPEI may use FOP in the settlement of Exchange Transaction for Debt Securities.
4. With the effective implementation of the Circular Letter of KSEI Number SE-0003/DIR-EKS/KSEI/0621 dated June 9th, 2021, regarding the Mechanism for the Utilization of Free of Payment (FOP) Instruction as the Securities Book-Entry Settlement Instruction Without Payment of Fund at KSEI, therefore, the Circular Letter 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 is revoked and declared ineffective.
5. This Circular Letter is effective starting as of **December 9th, 2021**.

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

Regards,

PT Kustodian Sentral Efek Indonesia

Uriep Budhi Prasetyo
President Director

Syafruddin
Director

Supranoto Prajogo
Director

Copies sent to:

1. The Chief Executive Officer of Capital Market Supervisor of the Financial Services Authority (OJK);
2. The Director of Securities Transactions Supervisor of OJK;
3. The Director of Securities Institutions Supervisor of OJK;
4. The Director of Investment Management of OJK;
5. The Director of Capital Market Regulation of OJK;
6. The Board of Directors of PT Bursa Efek Indonesia;
7. The Board of Directors of PT Kliring Penjaminan Efek Indonesia;
8. The Indonesian Securities Companies Association;
9. The Indonesian Custodian Banks Association; and
10. The Board of Commissioners of KSEI.

No.	Type/Reason for Book-Entry (Settlement Reason)	Supporting Documents
1.	a. Sale and Purchase – Equity Securities, Asset Backed Securities, and/or Participation Units.	<p>In the event that the book-entry settlement is based on the instruction from the Client, the supporting documents which must be fulfilled are, among others:</p> <ol style="list-style-type: none"> 1. Securities Book-Entry Settlement Instruction from the Client; and 2. Official copy of the sale and purchase agreement under the name of the Client. <p>In the event that the book-entry settlement is based on the instruction from the Account Holder, the supporting document which must be fulfilled shall be the official copy of the sale and purchase agreement under the name of the Parties carrying out the transaction.</p> <p>In the event that the book-entry settlement is for the Securities issued in the Securities offering through information technology based Crowdfunding services, the document which must be fulfilled shall be the Securities book-entry settlement instruction from the Client without requiring the deed of transfer of rights.</p>
	b. Sale and Purchase – Debt Securities and/or Sukuk.	<p>In the event that the book-entry settlement is based on the instruction from the Client, the supporting documents which must be fulfilled are, among others:</p> <ol style="list-style-type: none"> 1. Securities book-entry settlement instruction from the Client; and 2. Written confirmation on the sales and/or purchase of Securities from the Parties carrying out the transaction. <p>In the event that the book-entry settlement is based on the instruction from the Account Holder, the supporting document which must be fulfilled shall be the written confirmation on the sales and/or purchase of Securities from the Parties carrying out the transaction.</p> <p>In the event that the book-entry settlement is for the Securities issued in the Securities offering through information technology based Crowdfunding services, the document which must be fulfilled shall be the book-entry of Securities settlement instruction from the Client without requiring the deed of transfer of rights.</p>
2.	Grant.	<p>In the event that the book-entry settlement is based on the instruction from the Client, the supporting documents which must be fulfilled are, among others:</p> <ol style="list-style-type: none"> 1. Securities book-entry settlement instruction from the Client; and

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		<p>2. Official copy of the agreement on grant under the name of the Client.</p> <p>In the event that the book-entry settlement is based on the instruction from the Account Holder, the supporting document which must be fulfilled shall be the official copy of the agreement on grant under the name of the Parties carrying out the transaction.</p>
3.	Inheritance.	<p>1. Securities book-entry settlement instruction from the Client; and</p> <p>2. Official copy of the deed of inheritance, inheritance certificate or the official copy of the stipulation of the court.</p>
4.	<i>Inbreng</i> (Investment Input).	<p>In the event that the book-entry settlement is based on the instruction from the Client, the supporting documents which must be fulfilled are, among others:</p> <p>1. Securities book-entry settlement instruction from the Client; and</p> <p>2. Official copy of the deed of <i>inbreng</i> (investment input) under the name of the Client.</p> <p>In the event that the book-entry settlement is based on the instruction from the Account Holder, the supporting document which must be fulfilled shall be the official copy of the deed of <i>inbreng</i> (investment input) under the name of the Parties carrying out the transaction.</p>
5.	Mutation of Securities in the framework of creating and repayment of Mutual Fund in the Form of Collective Investment Contract Traded at the Stock Exchange (Exchange Traded Fund).	Instruction from the dealer of the Participant.
6.	Securities lending and borrowing.	<p>In the event that the book-entry settlement is based on the instruction from the Client, the supporting documents which must be fulfilled are, among others:</p> <p>1. Securities book-entry settlement instruction from the Client; and</p> <p>2. Official copy of the Securities lending and borrowing agreement under the name of the Client.</p> <p>In the event that the book-entry settlement is based on the instruction from the Account Holder, the supporting document which must be fulfilled shall be the official copy</p>

No.	Type/Reason for Book-Entry (Settlement Reason)	Supporting Documents
		of the Securities lending and borrowing agreement under the name of the Parties carrying out the transaction.
7.	Gift, gratification or donation.	<p>In the event that the book-entry settlement is based on the instruction from the Client, for the types of book-entry settlement on gift, gratification or donation, the supporting documents which must be fulfilled are, among others:</p> <ol style="list-style-type: none"> 1. Securities book-entry settlement instruction from the Client; and 2. Statement letter from the Client, either as the donor or the recipient. <p>In the event that the recipient of the gratification is a government employee or state administrator, in addition to the documents as referred to in number 1 and 2 above, must also supplement the report on gratification to the Gratification Control Unit at the Corruption Eradication Commission, if it was obliged by the laws and regulations.</p> <p>In the event that the recipient of the gratification is a worker other than a government employee or state administrator, in addition to the documents as referred to in number 1 and 2 above, must also supplement the report on gratification to the internal division of the related company.</p>
8.	Decision of the judiciary institution.	Order of execution from the judiciary institution.
9.	Securities Collateral.	<p>In the event that the book-entry settlement is based on the instruction from the Client, the supporting documents which must be fulfilled are:</p> <ol style="list-style-type: none"> 1. Securities book-entry settlement instruction from the Client; and 2. Other supporting documents under the name of the Client, in the form of: <ol style="list-style-type: none"> a) pledge agreement; b) notary deed on fiduciary security; c) agreement on guarantee; or d) fiduciary security certificate. <p>In the event that the book-entry settlement is based on the instruction from the Account Holder as the Party carrying out the transaction, the supporting documents which must be fulfilled are, among others:</p> <ol style="list-style-type: none"> 1. official copy of the pledge agreement;

No.	Type/Reason for Book-Entry (Settlement Reason)	Supporting Documents
		<ol style="list-style-type: none"> 2. notary deed on fiduciary security; 3. agreement on guarantee; or 4. fiduciary security certificate.
10.	Distribution of Securities related to Management Stock Option Plan (MSOP) and/or Employee Stock Option Plan (ESOP).	Report from the Registered Company/the Securities Administration Bureau (Registrar).
11.	Distribution of Securities resulting from Initial Public Offering.	Securities book-entry settlement instruction from the Client.
12.	Securities Book-Entry Settlement among Securities Accounts within the same Party.	<ol style="list-style-type: none"> 1. Securities book-entry settlement instruction from the Parties carrying out the transaction. For Party with omnibus account, then, it must be supplemented with the name of the actual Party delivering the Securities book-entry settlement instruction. 2. Written information related to the actual Party as referred to in number 1, may be delivered separately as the supplementary documents on the Securities book-entry settlement instruction from the Parties carrying out the transaction.
13.	Repo Transaction.	<p>In the event that the book-entry settlement is based on the instruction from the Client, the supporting documents which must be fulfilled are, among others:</p> <ol style="list-style-type: none"> 1. Instruction over the Repo Transaction from the Client; and 2. Official copy of the written agreement on Repo Transaction, or the Repo Transaction agreement in accordance with the Indonesian GMRA for the Party who is obliged to use it, as referred to in the Regulation of OJK regarding the Guidelines for Repurchase Agreement Transaction for Financial Services Institutions and its implementing regulations. <p>In the event that the book-entry settlement is based on the instruction from the Account Holder, the supporting document which must be fulfilled shall be the official copy of written agreement on Repo Transaction, or the Repo Transaction agreement in accordance with the Indonesian GMRA for the Party who is obliged to use it, as referred to in the Regulation of OJK regarding the Guidelines for Repurchase Agreement Transaction for Financial Services Institutions and its implementing regulations.</p>

No.	Type/Reason for Book-Entry (Settlement Reason)	Supporting Documents
14.	Conversion.	<p>In the event that the book-entry settlement is based on the instruction from the Client, the supporting documents which must be fulfilled are, among others:</p> <ol style="list-style-type: none"> 1. Instruction over the Conversion from the Client; and 2. Written confirmation on the Conversion of the Securities from the related Parties. <p>In the event that the book-entry settlement is based on the instruction from the Account Holder, the supporting document which must be fulfilled shall be the written confirmation on the Conversion of the Securities from the related Parties.</p>