

Press Release

KSEI Awarded as Best Custodian in Southeast Asia for the Second Time

Kuala Lumpur - Malaysia, February 21, 2019 – Due to its various achievements in the development of the Indonesian Capital Market in 2018, the Indonesia Central Securities Depository (KSEI) once again received the *Marquee Award* as the *Best Central Securities Depository in Southeast Asia in 2018* by *Alpha Southeast Asia*. This was the second time that KSEI has won the award after previously receiving it in 2016. This year's award was presented by the CEO and Publisher of *Alpha Southeast Asia*, Siddiq Bazarwala, to KSEI President Director Friderica Widyasari Dewi today (2/21) during the 12th Annual Best Deal and Solution Awards 2018 in Kuala Lumpur, Malaysia.

After receiving the award, Friderica remarked in her speech that it is a great honor for KSEI to be able to win the award for the second time. She also expressed her appreciation for the support and cooperation provided by the Financial Services Authority (OJK), Self-Regulatory Organizations (SRO), and capital market participants who all contributed greatly in KSEI's success in finalizing and implementing its development programs and new innovations in the Indonesian Capital Market industry throughout 2018.

Friderica also added that, "Several developments that KSEI implemented in 2018 has positively impacted the Indonesian Capital Market, such as the implementation of the newest generation of the Central Depository and Book Entry Settlement System (C-BEST) main system or C-BEST Next-G and the switch from the three-day transaction settlement cycle (T+3) to the two-day cycle (T+2) with the help of SROs. We hope that these developments will provide better accessibility for investors during their transactions and attract new investors to invest in the capital market."

Meanwhile, *Alpha Southeast Asia* CEO and Publisher Siddiq Bazarwala stated that KSEI deserved the honor of being named as the Best Central Custodian in Southeast Asia as it has shown a strong commitment towards improving the Indonesian Capital Market throughout the previous year.

KSEI's was honored with the award due to its achievements throughout 2018 in finalizing various developments such as the implementation of C-BEST Next-G, a system that facilitates securities depository activities and transaction settlements in the capital market which was developed in anticipation of the increase in investor numbers in the capital market. KSEI's data indicates that the number of investors in the Indonesian Capital Market has surged by 44% in 2017 - 2018 and has reached a total of 1,676,606 as of the end of January 2019. Therefore, the newest generation of KSEI's system was designed to have six times the capacity of its predecessor and has the capability to handle up to three million investors.

KSEI also held a crucial role in the adoption of a new transaction settlement cycle, from the previous three days (T+3) to two days (T+2), which was finally implemented for trading in the Indonesia Stock Exchange on November 26, 2018. KSEI's crucial role became more evident in the process as November 28, 2018 became the joint transaction settlement day for both the final trading day of the

T+3 Settlement cycle, which was on Friday, November 23, 2018, and the first trading day for the T+2 Settlement Cycle, which was on Monday, November 26, 2018. Through KSEI's efforts, the Double Settlements on November 28, 2018, went successfully without any significant problems.

Other developments initiated by KSEI included the launching of a more simplified process for Securities Account (RE) and Customers Fund Account (RDN) opening which aligns with the development of Indonesia's financial services sector as specified in the Indonesian Financial Services Sector Master Plan 2015-2019.

The goal of this working program is to provide a quicker, more accessible, and wider reaching Securities Account and Customers Fund Account opening process which enables investors to conduct transactions in the capital market as soon as possible. KSEI has started this initiative since 2016 with a preliminary target of creating a guideline for electronic application usage during account openings and a guideline for Securities Account openings through Customers Fund Account Administrator Banks. The next phase of this program will be developing infrastructure to support the simplified mechanism for Securities Account and Customers Fund Account openings through AKSes Financial Hub in 2019.

Currently, KSEI is studying the possibility of implementing a full dematerialization of the Indonesian Capital Market. As its latest strategic initiative, which is the KYC (Know Your Customer) Administrator Agent, KSI has also started a study on the creation of a centralized KYC database platform that can be used by Financial Service Participants (PJK) to share KYC information in order to maintain a better customer data quality as presently there are still repeated KYC processes for the same investors who are registered in different Financial Service Participants.

An update to the AKSes Next Generation (AKSes Next-G) facility process will also be implemented in the near future. This upgrade to the AKSes Next-G will include a more simplified log-in process which only requires an email address. Meanwhile, AKSEs Next-G users will not be limited to investors alone but also to the general public. Other changes to the AKSes Next-G can be viewed at its Homepage, which has also been upgraded with a more dynamic and attractive information display complete with running trades, capital market activities, and capital market news headlines.

The e-proxy and e-voting platform is another initiative that KSEI has launched. This initiative is targeted to improve the efficiency and effectiveness of General Meetings of Shareholders (GMS) among stakeholders, which include facilitating the authorization of representatives to attend the GMS and voting through the e-proxy and e-voting platform. For this initiative, KSEI has appointed the Central Securities Depository (CSD) of Turkey - MKK (*Merkezi Kayit Kurulusu*) as its partner in developing the e-proxy and e-voting platform. The project itself was split into two phases, which are: the short-term e-proxy implementation and the long-term e-voting implementation.

KSEI will also start a study on the KYC (Know Your Customer) Administrator Agent service through the creation of a centralized KYC database that can be utilized by Financial Service Participants.

Friderica hopes that KSEI's success in winning the award as Best Central Custodian in Southeast Asia for 2018 will motivate all of KSEI's personnel to work harder in contributing to the strategic programs that KSEI has planned for the next following years. In principal, KSEI's long term goal is to develop the company's capacity and capability to become a regional level Depository and Settlement Institution that can withstand the challenges of globalization, support the development of the capital market industry, and improve accessibility and security for KSEI service users.

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