

Press Release

KSEI Wins Best Central Custodian Title for the Third Time

Jakarta, February 26, 2020 - The Indonesia Central Securities Depository (KSEI) once again won *Alpha Southeast Asia* magazine's Marquee Award for Best Central Securities Depository in Southeast Asia in 2019. The title was awarded to KSEI for its contributions in advancing the Indonesian Capital Market throughout 2019, which include the implementation of the Full Central Bank Money (Full CeBM) system and the development of AKSes Next Generation. This was the third time that KSEI has won the award, after previously receiving similar titles in 2016 and 2018. *Alpha Southeast Asia* officially presented the award during the 13th Annual Best Deal and Solution Awards 2019 on February 24, 2020, in Kuala Lumpur, Malaysia.

KSEI President Director Uriep Budhi Prasetyo stated in his speech that KSEI is extremely proud of receiving the award for the third time. He noted that the support and cooperation of the Financial Services Authority (OJK), Self-Regulatory Organizations (SRO), and capital market participants contributed significantly to KSEI's success in finalizing and implementing its development programs and innovations for the Indonesian Capital Market industry throughout 2019. "This award is a motivation for KSEI to continue its infrastructure development, based on the strategic plan it has formulated, as well as creating other innovations to fulfill the needs of capital market industry participants," he added.

With the new dynamics and development in the capital market industry, KSEI recognized the importance of having a main system that can fulfill the market's needs. Therefore, since December 9, 2019, KSEI has implemented the C-BEST (The Central Depository and Book-Entry Settlement System) Next Generation (Next-G) System, which includes an additional instruction module for Corporate Actions (CA). Previously, CA distributions still relied on the old C-BEST system.

According to Uriep, KSEI's collaboration with Nasdaq, as C-BEST's development vendor, made it possible for the C-BEST system to be successfully upgraded. Furthermore, C-BEST Next G's processing speed has also been increased by four times, from 20,000 instructions per minute to 80,000 instructions per minute. Compared to its predecessor, the current version of C-BEST can also process instructions 40 times faster than before.

The increased capacity also supports the expansion of the Indonesian Capital Market and hopefully can accommodate the surge in investor numbers in the Indonesian Capital Market. As of the end of January 2020, the number of Indonesian Capital Market Investors, based on their Single Investor Identification (SID) numbers recorded at KSEI, is at 2,554,191. This is a 5% increase from the same period last year (January 2019). The figure includes Shareholders, Mutual Fund Holders, and Bondholders, as well as investors who own Script-form Shares. The total number of Capital Market investors itself has increased by 808% since 2012, the year that the SID was implemented in the Indonesian Capital Market.

In Q1 of 2020, KSEI has also made progress in the strategic plan that it has formulated last year, which include the Public Housing Savings (*Tapera*) project and the Account Opening Simplification program.

Tapera's goal itself is to gather and provide cheap, sustainable, and long-term funding to finance adequate and affordable housing for its participants through integrated planning, programs, and activities. To support the *Tapera*, which is a government project, KSEI has taken the role as the provider of *Tapera's* management system, which is developed based on the S-INVEST system (S-INVEST *Tapera*) in compliance with existing regulations and business processes. *Tapera* funds will be managed through a collective investment contract, and its clients will automatically receive SIDs, which will be recorded at KSEI.

To support *Tapera's* program, the Government has issued Government Regulation (PP) Number 14 of 2016 Regarding the Administering of Housing and Residential Areas in May 2016. KSEI has also coordinated with the Public Housing Saving's Management Agency's (*BP-TAPERA*) Board of Commissioners since 2019 regarding the migration and data validation process into the S-INVEST system and the preparation for Custodian Banks' back-office systems. The coordination was follow-ed up with a Kick-Off Project by BP *Tapera*, KSEI, and selected Custodian Banks on January 29, 2020. The *Tapera* project's system is targeted to be finalized and released in 2020.

For the Simplified Account Opening process, KSEI will also develop a Hub for KSEI Account Holders (Securities Companies and Custodian Banks) and S-INVEST Users (Mutual Fund Selling Agents and Investment Managers) to verify Citizenship Identity Numbers (NIK) at the Ministry of Home Affairs' Directorate General of Population and Civil Records (*Ditjen Dukcapil*) for their Investor Know Your Client (KYC) processes. The next phase of development will involve a pilot project with 10 Securities Companies in Q1 of 2020. Through this Hub, the Securities Companies will be connected directly to KSEI for NIK verifications by *Ditjen Dukcapil*.

The Hub will also connect to the Directorate General of Taxation for Investors' Tax Identification Number (NPWP) verification. KSEI has developed the Hub to provide better accessibility for KSEI Account Holders and S-INVEST Users through direct connections with *Ditjen Dukcapil* and soon, the DG of Taxation. Therefore, KSEI is currently formulating the Business Requirement Specification to support this plan.

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