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## PRESS RELEASE

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### Closing the Year 2020 with Optimism of Better Indonesia Capital Market

30 December 2020

**Jakarta** – Welcoming the development of a better Indonesia Capital Market going forward, Stock Trading in 2020 was closed by the Coordinating Minister for Economic Affairs of the Republic of Indonesia (RI) Airlangga Hartarto, witnessed virtually by all market players on Wednesday (30/12). Throughout 2020, the capital market is often faced with various challenges in the conditions of the COVID-19 Pandemic. Nevertheless, capital market regulators were able to adapt dynamically and continue to strive to respond to market needs and have again recorded a number of achievements that support the progress of the Indonesia Capital Market.

In the midst of the COVID-19 Pandemic, companies' interest in entering the capital market has not subsided. As of December 30, 2020, there have been 51 companies that have conducted Initial Public Offerings (IPOs) and listed shares on the Indonesia Stock Exchange (IDX). Thus, to date there are 713 companies that have listed their shares on the IDX. Indonesia is still the Stock Exchange with the highest number of IPOs in ASEAN.

IDX trading activity in 2020 also experienced an increase, which was reflected in the increase in the average trading frequency, which grew 32 percent to 619 thousand times per day in November 2020 and made the trading liquidity of IDX shares higher among other exchanges in the Southeast Asia region. During the same period, the Average Daily Transaction Value (RNTH) gradually recovered and reached a value of Rp9.18 trillion.

Throughout 2020, the number of investors in the Indonesia Capital Market, consisting of stock, bond and mutual fund investors, has increased by 56 percent to reach 3.87 million Single Investor Identification (SID) up to December 29, 2020. This increase in investors is 4 times higher since the last 4 years from 894 thousand investors in 2016. In addition, stock investors also rose by 53 percent to 1.68 million SID. Then, when viewed from the number of daily active investors, until December 29, 2020 there were 94 thousand investors, up 73 percent compared to the end of last year. The increase in the number of investors and daily investor transaction activities is certainly the result of the efforts of the Financial Services Authority (OJK) and the Self-Regulatory Organization (SRO) in promoting socialization and education related to investment in the capital market to the public. In line with the increasing participation of domestic retail investors, a new trade transaction record was achieved in 2020, namely the highest daily share transaction frequency on December 22, 2020, totaling 1,697,537 transactions.

In order to reach all levels of society in Indonesia, the IDX has made efforts to expand its distribution network such as placing 30 Representative Offices in major cities of Indonesia. In collaboration with



universities and institutions, IDX has established 504 Investment Galleries, as well as 402 investor communities.

In 2020, the IDX has also launched a number of programs, such as the Electronic Indonesia Public Offering (e-IPO) service to increase the efficiency of the Initial Public Offering (IPO) process and improve investor protection. In addition, IDX has also launched the IDX Virtual Trading application which can be used as a medium for conducting trading simulations for potential investors and can assist Exchange Members in educating potential investors. Then the IDX has also officially released a new index, namely the IDX Quality30 Index and the IDX ESG Leaders Index which are expected to be used by investors as a guide for investing in the Indonesia Capital Market.

The IDX is also following the development direction of the Sharia Capital Market in accordance with the 2020-2024 Sharia Capital Market Roadmap. The efforts to develop the Islamic capital market in Indonesia are also appreciated by the global market, marked by the inauguration of the IDX as The Best Islamic Capital Market 2020 from the Global Islamic Finance Awards. Then on October 27, 2020, IDX launched IDX DNA or the Integrated Listed Company Information Disclosure Distribution System. Furthermore, IDX has also released an electronic bond trading system Alternative Market Management System (SPPA) and Changes to the Maximum Price Movement for Exchange Traded Fund (ETF) products on November 9, 2020. IDX has also launched IDX 30 Futures and Government Bond Basket Futures on December 7, 2020. .

In addition, in 2020, SRO has made an increase in capital to PT IDX Information Technology Solutions (IDXSTI) which will be used for the acquisition of PT Micro Piranti Computer (MPC). The acquisition of MPC by IDXSTI was carried out on Monday (21/12), so that IDXSTI officially became the shareholder of MPC with an ownership portion of 96 percent along with two other MPC shareholders. The acquisition step by IDXSTI is expected to provide great synergy and support for the future development and growth of the Indonesia Capital Market industry.

Another achievement in 2020 is the approval of the increase in compensation limits for investors and custodians by the Indonesian Securities Investor Protection Program Provider (P3IEI). This approval is stated in the Decree of the Members of the OJK Board of Commissioners Number Kep-69/D.04/2020 dated 23 December 2020. Through this decision, compensation for investors becomes a maximum of Rp200 million from the previous Rp100 million, while for the Custodian the compensation that can be given a maximum of Rp100 billion from Rp50 billion. It is hoped that the increase in the limits for investor compensation is expected to increase investor protection and stimulate investment activities in the Indonesia Capital Market.

To support the development of the Indonesia Capital Market, the Indonesia Clearing and Guarantee Corporation (KPEI) has developed a clearing and settlement system to support the implementation of the e-IPO system, optimizing Securities Borrowing and Lending (PME) transactions, namely revitalization by developing services in the form of Bilateral PME. Service improvements to Clearing Members were also continuously improved with the launch of the m-CLEARs application service, a mobile-based application with the Android and iOS platforms. In addition, to support the growth of the Islamic capital market, KPEI

has also submitted a fatwa application to the DSN-MUI regarding the application of sharia principles in the clearing mechanism and exchange transaction settlement guarantee for equity securities on the Exchange. In terms of synergizing policies in developing capital market infrastructure, KPEI increases share ownership in the Indonesia Central Securities Depository (KSEI) by 1 percent, so that KPEI's share ownership in KSEI becomes 12.5 percent. In order to support the expansion of the role of the Clearing Guarantee Institution in financial market transactions, IDX as KPEI's Shareholder has increased KPEI's Issued/Paid-Up Capital from Rp165 billion to Rp200 billion. Then on August 13, 2020, KPEI has obtained principle approval from Bank Indonesia to become a Central Counterparty (CCP) institution for Interest Rate Derivative and Over-the-Counter Exchange Rate (SBNT-OTC) transactions in Indonesia. Furthermore, to improve the quality of the company's service quality, KPEI has succeeded in obtaining a Business Continuity Management System (BCMS) certificate ISO 22301: 2012 and renewed the ISO 27001 Information Security Management System (SMKI) certification, as well as the addition of a New Data Center.

In the operational aspect of exchange transaction clearing, there have been several developments during 2020, including the Exchange RNTH until December 29, 2020, which was Rp9.18 trillion, up 0.66 percent compared to the end of 2019 of Rp9.13 trillion. The average daily Exchange Transaction Value and Volume Up to 29 December 2020 were Rp3.27 trillion and 3.31 billion shares, while at the end of 2019 it was Rp3.42 trillion and 4.38 billion shares. The average daily Exchange Transaction Value and Settlement Volume Efficiency was recorded at 54.97 percent and 61.38 percent, while in 2019 it was 48.84 percent and 56.54 percent. The total stock exchange transaction settlement that was settled through the Alternate Cash Settlement (ACS) mechanism up to December 29, 2020 was recorded at Rp82.99 billion. Meanwhile, the PME transaction value up to December 29, 2020 was Rp60.06 billion, with a volume of 74.50 million shares.

To anticipate failure of exchange transaction settlements and manage credit risk, KPEI manages the collateral of Clearing Members (AK) and its customers with a Total Collateral Value as of December 2020 reaching Rp26.98 trillion, consisting of online collateral of Rp21.66 trillion and offline collateral of Rp5.32 trillion. As of December 29, 2020, the total value of the Guarantee Fund was recorded at Rp5.47 trillion, an increase of 8.96 percent when compared to the position at the end of 2019 valued at Rp5.02 trillion. KPEI makes provision and management of Guarantee Reserves, which in the AGMS approval, there is an additional Guarantee Reserve of Rp5.21 billion, which is an allowance of 5 percent of KPEI's 2019 Net Profit, so that the total value of Guarantee Reserves managed by KPEI at the end of 2020 has increased to Rp158.37 billion. KPEI has effectively carried out its function as an institution that manages risks that may arise from each transaction and the transaction settlement process carried out. This is reflected in, among other things, the absence of default cases during 2020.

Together with the IDX and KSEI, in coordination with the OJK, KPEI has determined a series of stimuli provided to capital market stakeholders, by implementing relaxation of the Guarantee Fund, namely by providing relief for the quotation of Guarantee Fund deposits to Clearing Members which was previously 0.01 percent (one tenth thousand) to be 0.005 percent (five percent thousand) of the value of each Exchange Transaction on Equity Securities. In addition, a policy for relaxation of share haircut value adjustment for

the calculation of collateral and Net Adjusted Working Capital for each Clearing Member has also been stipulated.

Other capital market infrastructure developments continue to run according to schedule despite being in the midst of a pandemic, including the development of a clearing system and a support system in obtaining business licenses for KPEI's role as CCP for SBNT-OTC Derivative transactions, in addition to Improving the Performance of the e-CLEARs System, which aims to improve the capacity performance and reliability of the e-CLEARs system on an ongoing basis. There is also a Collateral Management Integration System Development, as an effort to strengthen risk management systems and procedures and the need for more effective and efficient collateral management. Other developments include the Development of the Triparty Repo System Modification, as a form of enhancement of the existing Triparty Repo system, and the development of the m-CLEARs Application in order to improve services to Clearing Members.

KPEI together with OJK and SRO will carry out a series of developments, including the development of a Bond Clearing System that serves transactions at Alternative Market Operators with the Straight Through Processing (STP) mechanism with BI and KSEI, updating the technology of the bond clearing system for ETP transactions and exchange transactions using the platform. new development, as well as the development of the Clearing Structure Warrant.

Amid the COVID-19 Pandemic, the number of Indonesia Capital Market investors continues to increase rapidly. The number of Indonesia Capital Market investors, according to data recorded in KSEI as of December 29, 2020, increased by more than 50% to 3,871,248 from the previous 2,484,354 at the end of 2019. This increase in the number of investors was also supported by the digitalization process in the Indonesia capital market, especially for the process of opening an investment account. The role of the financial technology (fintech) platform is increasingly important for opening investment accounts in the capital market. This is supported by data that more than 50 percent of investors have investment accounts at Fintech Selling Agents. The use of this digital platform is in line with the characteristics of capital market investors who continue to move to a young age. Based on data from KSEI as of 29 December 2020, the number of investors under the age of 30 and 30 to 40 has reached more than 70 percent.

For the 2021 strategic plan, KSEI has prepared 9 programs, including plans to develop alternative deposits of Customer Funds in Securities Sub Accounts (SRE) for Equity and Debt Securities and Investor Fund Unit Account (IFUA) for Mutual Funds. This program aims to provide an alternative place for storing funds in order to settle transactions on the capital market. Another KSEI strategic program is the Information Hub which includes the development of validation of investor data, both with the Directorate General of Dukcapil regarding the Identity Number (NIK), the Directorate General of Taxes (DJP) related to the Taxpayer Identification Number (NPWP), and the Indonesian Overseas Card KMILN) for diaspora investors as well as the development of Sharia SRE in order to support the Sharia Capital Market Development Roadmap. There are also 3 new strategic plans from KSEI, namely Optimizing KSEI's role as Sub Registry of Government Securities (SBN), Securities Crowd Funding, and Sharia SRE Service Development.



The IDX Stock Trading Closing Ceremony in 2020 was attended virtually by the Ministers of the Indonesia Maju Cabinet, Chairmen, Representatives and Members of the OJK Board of Commissioners, Chair of the Board of Commissioners of the Deposit Insurance Corporation, Commissioners and Directors of SROs, as well as financial services industry players.

All achievements achieved by the SRO are the result of hard work and close coordination of all stakeholders of the Indonesia Capital Market. It is hoped that good synergy and support from the government will continue to run in building a credible Indonesia Capital Market, and able to provide the best service to all existing stakeholders.

The above has herewith been brought to public attention.

**CORPORATE SECRETARY  
INDONESIA STOCK  
EXCHANGE  
YULIANTO AJI SADONO  
PHONE. 021- 5150515  
TOLL FREE: 0800-100-9000  
(National)  
FAX. 021-5150114  
E-mail: [callcenter@idx.co.id](mailto:callcenter@idx.co.id)**

**CORPORATE SECRETARY  
INDONESIA CLEARING AND  
GUARANTEE CORPORATION  
REYNANT HADI  
PHONE: 021- 5155115  
TOLL FREE: 0800-100-5734  
(National)  
FAX: 021- 5155120  
EMAIL:  
[customer.care@kpei.co.id](mailto:customer.care@kpei.co.id)**

**P.H. CORPORATE  
COMMUNICATION DIVISION  
INDONESIA CENTRAL  
SECURITIES DEPOSITORY  
ADISTY WIDYASARI  
PHONE: 021- 52991033  
TOLL FREE: 0800-186-5734  
(National)  
FAX: 021- 52991199  
EMAIL: [kp@ksei.co.id](mailto:kp@ksei.co.id)**

