CPMI-IOSCO PFMI Executive Summary

Indonesia Central Securities Depository

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Contents

Introduction

1. In 2014, KSEI conducted its first assessment of compliance with the Principles for Financial Market Infrastructures (PFMI) issued by CPMI–IOSCO in April 2012. The assessment process was supported by a strategic partner, Thomas Murray (TM).
2. KSEI has continued to perform annual self-assessments by referring to the results of the assessment conducted by TM.
3. The majority of the 23 PFMI principles are applicable in this assessment, with the exception of six principles—Principle 4 (Credit Risk), Principle 5 (Collateral), Principle 6 (Margin), Principle 10 (Physical Deliveries), Principle 14 (Segregation and Portability), and Principle 19 (Tiered Participation)—which are not applicable to KSEI.
4. KSEI conducts an objective assessment of its level of compliance with each applicable PFMI principle in accordance with the type of FMI it operates. Based on the assessment results, KSEI assigns one of five compliance ratings: (i) Observed, (ii) Broadly Observed, (iii) Partly Observed, (iv) Not Observed, and (v) Not Applicable (N/A).
5. Through the disclosure of the assessment results, KSEI contributes to the promotion of transparency and enables the identification of KSEI's position among other global FMIs with respect to PFMI compliance.
6. In addition, this disclosure is intended to provide the public, participants, competent authorities, and other stakeholders with up-to-date and relevant information regarding the assessment results.

Summary of Achievements and Changes in the Level of Compliance in 2025

The summary of achievements and changes in the level of compliance in 2025, with reference to PFMI achievements as of 2021, is presented below:

1. KSEI became a participant in Bank Indonesia–Fast Payment (BI-FAST) effective 31 January 2022.
2. KSEI obtained ISO 22301:2019 certification for the Business Continuity Management System (BCMS) on 21 December 2022.
3. KSEI activated the pre-allocation module within the S-INVEST system on 5 September 2023 to facilitate the submission of purchase and/or sale allocation plans of Securities for Investment Products.
4. KSEI provided system and operational support for the implementation of the Carbon Exchange in September 2023.
5. KSEI obtained ISO 27001:2022 certification for the Information Security Management System (ISMS), as a transition from ISO 9001:2015 certification previously obtained on 16 December 2016.
6. KSEI launched the Centralized Investor Data Management System (CORES.KSEI) on 5 March 2024.
7. KSEI launched the Integrated Multi-Investment Management System (S-MULTIVEST) in collaboration with PT Asuransi Jiwa IFG on 21 March 2024.
8. KSEI launched the KSEI Cash Management System (K-CASH) on 18 December 2024.

Summary of Changes in PFMI Scores in 2025 Based on the 2021 Disclosure Results

The following PFMI principles experienced significant changes in the 2025 disclosure compared to the 2021 disclosure results:

1. Principle 1 – Legal Basis**:** KSEI's legal basis was strengthened through Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (P2SK Law). As a result, the level of compliance improved from *Broadly Observed* to *Observed*.
2. Principle 8 – Settlement Finality**:** Settlement finality has been explicitly regulated under Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector, Article 40 under the Chapter on Transaction Settlement. Accordingly, the level of compliance increased from *Broadly Observed* to *Observed*.
3. Principle 12 – Exchange-of-Value Settlement Systems: The settlement system was further strengthened through the legal recognition of settlement finality as stipulated in Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector, Article 40 under the Chapter on Transaction Settlement. The level of compliance improved from *Broadly Observed* to *Observed*.
4. Principle 13 – Participant-Default Rules and Procedures: Provisions concerning participant default are regulated under Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector, Article 327 under the Chapter on Closing Provisions. Consequently, the level of compliance increased from *Broadly Observed* to *Observed*.
5. Principle 18 – Access and Participation Requirements**:** Procedures for participant registration and termination are publicly available on the KSEI website. Based on this enhancement, the level of compliance improved from *Partly Observed* to *Observed*.
6. Principle 22 – Communication Procedures and Standards**:** C-BEST Next G has been enhanced to support ISO 20022 messaging standards; however, the standard has not yet been implemented due to the absence of a current need to adopt international communication standards. As a result, the level of compliance increased from *Partly Observed* to *Broadly Observed*.

Summary of KSEI's PFMI Level of Compliance

Status	PFMI Principle	Improvement Area
Observed	Principle 1 Legal basis	-
Observed	Principle 2 Governance	-
Broadly	Principle 3 Framework for the comprehensive management of risks	**Reduce Dependency on Manual Intervention**
Not Aplicable	Principle 4 Credit risk	-
Not Aplicable	Principle 5 Collateral	-
Not Aplicable	Principle 6 Margin	-
Observed	Principle 7 Liquidity risk	-
Broadly	Principle 8 Settlement finality	**-**
Observed	Principle 9 Money settlements	-
Not Aplicable	Principle 10 Physical deliveries	-
Observed	Principle 11 Central Securities Depositories	-
Observed	Principle 12 Exchange-of-value Settlement System	-
Observed	Principle 13 Participant-default rules and procedures	-
Not Aplicable	Principle 14 Segregation and portability	-
Observed	Principle 15 General business risk	-
Observed	Principle 16 Custody and investment risks	-
Observed	Principle 17 Operational Risk	-
Broadly	Principle 18 Access and participation requirements	**-**
Not Aplicable	Principle 19 Tiered Participation	-
Observed	Principle 20 FMI Links	-
Observed	Principle 21 Efficiency and Effectiveness	-
Partly	Principle 22 Communication Procedures and Standards	**International communication standard Implementation**
Observed	Principle 23 Disclosure of Rules, Key Procedures and Market Data	-

Principle 1: Legal Basis

An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.

Principle Summary

KSEI's legal basis is embedded in national laws and regulations. In certain cases, specific aspects are documented only in KSEI's internal rules. Key elements established under national law include KSEI's authority to operate as a private company and the rights of its shareholders.

There is a high degree of clarity in KSEI's rules, procedures, and contractual arrangements. KSEI has established clear procedures for amending its rules through a rule-making rule (RMR) mechanism. The RMR ensures that all relevant stakeholders fully understand the nature of any rule changes and the implications of such amendments. KSEI applies an open process that allows participants and shareholders to propose amendments to KSEI's rules. To date, there have been instances where the Regulator, the Exchange, and KPEI have requested KSEI to amend its rules. In addition, KSEI has established a Rules Committee to provide input and guidance in the review of its regulations. On an annual basis, KSEI also conducts an independent legal review of its operational activities to ensure that all activities are supported by a clear legal basis.

KSEI has mechanisms in place to effectively communicate its legal basis to stakeholders. This is carried out through official correspondence, KSEI bulletins, and outreach or socialization programs. Key information, including all rules and circular letters, is made available in both Indonesian and English on the KSEI website.

In line with recent regulatory developments, KSEI's legal basis has been further strengthened through Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (P2SK Law), which clearly affirms KSEI's role and authority in custody and settlement services, including the recognition of legal finality.

Level of Compliance: Observed

Principle 2: Governance

An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.

Principle Summary

KSEI's governance arrangements are defined across various formal documents. The organization's objectives encompass key aspects such as service efficiency, system efficiency, and system effectiveness. Relevant laws and regulations also stipulate that KSEI is required to provide settlement services in an orderly, fair, and efficient manner. KSEI continuously measures its performance through a set of key performance indicators approved and monitored by the Financial Services Authority (OJK). Governance arrangements are clearly defined and documented in regulations and are publicly disclosed through the KSEI website and official publications. The roles and responsibilities of the Board of Commissioners and the Board of Directors are well documented in regulations issued by OJK and in the Company's Articles of Association as approved by OJK. These responsibilities include, among others, mergers and acquisitions, investment strategy, asset acquisition and disposal, capital-based projects, borrowing activities, oversight of KSEI's management team, and supervision of risk management and control systems.

Governance arrangements for the Board of Commissioners and the Board of Directors are disclosed to the public through the annual report. KSEI has established a Board of Commissioners Charter and a Board of Directors Charter governing the activities of all commissioners and directors. These documents also set out measures for managing conflicts of interest at the board level. At KSEI, the positions of Chief Executive Officer and Chair of the Board are not held by the same individual. The Board of Commissioners comprises three members with diverse experience and expertise in areas such as economics, finance, law, information technology, communications, and risk management.The Board of Commissioners is supported by an Audit Committee, which plays a strategic role in carrying out overall supervisory functions through its working relationship with the Internal Audit function under the Board of Directors and with the Public Accountant responsible for auditing the Company's financial statements. The Audit Committee consists of individuals with diverse competencies in financial auditing and other relevant areas of expertise.

KSEI is managed by four Directors who collectively cover all key functions and responsibilities. The Board of Directors has also established several committees that involve shareholders and participants, including working committees, a rules committee, an internal control committee, and a budget committee. The duties and responsibilities of these committees are set out in their respective charters.

KSEI has a well-documented risk management framework. The Board of Directors sets the organization's risk appetite and risk tolerance and therefore holds primary responsibility for risk management. Risk officers, consisting of unit heads, and risk owners, consisting of division heads, are responsible for overseeing and monitoring all KSEI procedures. These risk officers and risk owners report their analysis and findings to the Risk Management Unit, which in turn reports to the Board of Directors.

Level of Compliance: Observed

Principle 3: Framework for the comprehensive management of risks

An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.

Principle Summary

The risks arising from or borne by KSEI include market risk, liquidity risk, counterparty/credit risk, reputational risk, operational risk, legal (compliance) risk, general business (strategic) risk, asset commitment risk, and asset servicing risk. KSEI has established clear lines of responsibility for the identification and assessment of risks. For this purpose, the organization relies on its risk management unit, internal and external audit functions, as well as structured processes and procedural analyses.

A bottom-up risk analysis is conducted to develop a comprehensive risk map at least once a year. KSEI has reviewed its recovery and resolution plan and implemented revisions in line with PFMI guidance. The scope of risk identification and documentation covers the majority of KSEI's areas, processes, and procedures. In addition to the risk map, KSEI maintains a risk register and utilizes dedicated risk management software.

Risk exposures are reviewed on a semi-annual basis. Risk indicators are also reviewed semi-annually to ensure alignment with the achievement of key performance indicators (KPIs). In addition, KSEI's Internal Control Committee holds monthly meetings and reviews audit findings. KSEI uses its annual report as a medium to disclose risk-related information to participants.

KSEI regularly monitors the most relevant risks that may have an impact on participants, including asset security, asset commitments, and asset servicing. Furthermore, KSEI has identified comprehensive and plausible risk scenarios that could potentially prevent KSEI from performing its critical functions. KSEI routinely conducts Business Continuity Plan (BCP) testing to ensure operational readiness under various systemic disruption scenarios.

Level of Compliance: Observed

Principle 4: Credit Risk

An FMI should effectively measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes. An FMI should maintain sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence. In addition, a CCP that is involved in activities with a more complex risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions. All other CCPs should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions.

Principle 4 is not applicable to KSEI.

Principle 5: Collateral

An FMI that requires collateral to manage its or its participants' credit exposure should accept collateral with low credit, liquidity, and market risks. An FMI should also set and enforce appropriately conservative haircuts and concentration limits.

Principle 5 is not applicable to KSEI.

Principle 6: Margin

A CCP should cover its credit exposures to its participants for all products through an effective margin system that is risk-based and regularly reviewed.

Principle 6 is not applicable to KSEI.

Principle 7: Liquidity Risk

An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.

Principle Summary

With the support of the Financial Services Authority (OJK) and Bank Indonesia, the Indonesian Central Securities Depository (KSEI) successfully implemented the Full CeBM Mechanism for securities companies on 22 July 2019. The implementation of Full CeBM aims to reduce counterparty risk in the cash settlement of capital market transactions in Indonesia and is aligned with IOSCO recommendations under the Principles for Financial Market Infrastructures (PFMI).

Under the CeBM mechanism, Securities transactions for equities and corporate bonds denominated in Indonesian Rupiah are settled through KSEI's account at Bank Indonesia via the Bank Indonesia Real-Time Gross Settlement (BI-RTGS) system. Transactions denominated in non-IDR currencies are settled through a designated commercial bank acting as the settlement bank.

KSEI does not guarantee settlement. The Indonesia Clearing and Guarantee Corporation (KPEI), as the market's central counterparty (CCP), is responsible for guaranteeing exchange-traded transactions. For off-exchange settlements, KSEI conducts settlement on a gross-gross basis in real time.

KSEI has access to Bank Indonesia's RTGS and the Bank Indonesia–Scripless Securities Settlement System (BI-SSSS) for the settlement of government bonds. KSEI has been a participant in the BI-RTGS system since August 2006.

Level of Compliance: Observed

Principle 8: Settlement Finality

An FMI should provide clear and certain final settlement, at a minimum by the end of the value date. Where necessary or preferable, an FMI should provide final settlement intraday or in real time.

Principle Summary

In Indonesia, settlement finality is achieved at the following points:

- through the RTGS system for cash settlement;
- at the Securities Settlement Institution (LPP) for the safekeeping of securities other than government bonds; and
- at Bank Indonesia and KSEI for the settlement of government bonds.

Once settlement has been completed, it is irrevocable. For exchange-traded transactions, prevailing market practice provides that trades become irrevocable a few minutes after trade execution. Over-the-counter (OTC) transactions may be cancelled at any time during the settlement cycle, provided that the instruction has not yet reached final status.

Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector, Article 40 under the Chapter on Transaction Settlement, stipulates that the settlement of securities transactions in the capital market is final and legally binding. The C-BEST User Guide further clarifies that cancellable instructions are those with a status other than final (i.e. Settled, Cancelled, or Overdue). This framework confirms that completed settlements are final, binding, and irrevocable.

Level of Compliance: Observed

Principle 9: Money Settlement

An FMI should conduct its money settlements in central bank money where practical and available. If central bank money is not used, an FMI should minimise and strictly control the credit and liquidity risk arising from the use of commercial bank money.

Principle Summary

For all securities transactions, KSEI settles cash obligations in Indonesian Rupiah using central bank money. For settlement transactions denominated in U.S. dollars, KSEI has appointed a designated commercial bank to act as the settlement bank. In selecting the settlement bank, KSEI applies a methodology that assesses the bank's liquidity and credit risk, supported by a comprehensive due diligence process.

The legal arrangements with the settlement bank are robust with respect to the definition of settlement finality. Applicable laws, as well as contractual agreements between the CSD and the settlement bank, clearly establish the point at which cash settlement becomes final.

Level of Compliance: Observed

Principle 10: Physical Securities

An FMI should clearly state its obligations with respect to the delivery of physical instruments or commodities and should identify, monitor, and manage the risks associated with such physical deliveries.

Principle 10 is not applicable to KSEI.

Principle 11: Central Securities Depositories

A CSD should have appropriate rules and procedures to help ensure the integrity of securities issues and minimise and manage the risks associated with the safekeeping and transfer of securities. A CSD should maintain securities in an immobilised or dematerialised form for their transfer by book entry.

Principle Summary

KSEI acts as the central securities settlement and depository institution in Indonesia and is responsible for providing full certainty over the book-entry transfer of securities in Indonesia (although a limited number of physical securities are maintained by Securities Administration Bureaus). KSEI has established rules and procedures governing the rights of issuers and securities holders.

KSEI performs daily reconciliation and has procedures in place to manage any reconciliation breaks. Strict controls are applied to the recording and withdrawal of securities. Securities may only be transferred from an account upon receipt of instructions from participants. KSEI provides users with historical securities movement reports through the Online Research and Centralized Historical Data (ORCHID) system.

Prior to settlement processing, KSEI verifies the availability of securities balances to prevent the settlement of transactions where insufficient securities are held in the relevant accounts. KSEI's custody and safekeeping procedures and processes are subject to both internal and external audits. KSEI's rules and procedures include provisions to safeguard assets against custody risks arising from negligence, misuse of assets, fraud, inadequate administration, and insufficient recordkeeping. KSEI's own assets are segregated from those of its participants.

Level of Compliance: Observed

Principle 12: Exchange-of-value Settlement System

If an FMI settles transactions that involve the settlement of two linked obligations (for example, securities or foreign exchange transactions), it should eliminate principal risk by conditioning the final settlement of one obligation upon the final settlement of the other.

Principle Summary

KSEI applies the BIS Model 1 integrated settlement model, under which settlement is conducted on a gross-gross basis. KPEI performs clearing for exchange-traded transactions (both securities and cash), which are subsequently forwarded to the Securities Settlement Institution (LPP) for settlement processing. Over-the-counter (OTC) transactions are settled on a continuous and simultaneous gross basis.

KSEI conducts settlement on a delivery-versus-payment (DVP) or free-of-payment (FOP) basis for the following assets held in KSEI: equities, fixed income securities, and other eligible assets.

Level of Compliance: Observed

Principle 13: Participant-default Rules and Procedures

An FMI should have effective and clearly defined rules and procedures to manage a participant default. These rules and procedures should be designed to ensure that the FMI can take timely action to contain losses and liquidity pressures and continue to meet its obligations.

Principle Summary

The provisions and definitions of default are stipulated in applicable laws and KSEI regulations. In the event of a default, KSEI may only block the account of the defaulting party upon instruction from the relevant authority. Provisions governing participant default are also regulated under Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (P2SK Law), Article 327 under the Chapter on Closing Provisions.

Level of Compliance: Observed

Principle 14: Segregation and Portability

A CCP should have rules and procedures that enable the segregation and portability of positions of a participant's customers and the collateral provided to the CCP with respect to those positions.

Principle 14 is not applicable to KSEI.

Principle 15: General Business Risks

An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialise. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.

Principle Summary

As part of its risk management framework, KSEI has identified potential losses arising from general business risks. To address these risks, KSEI applies qualitative operational analysis and internal legal analysis. These analyses cover a broad spectrum of risks, including, among others, operational risk, fraud risk, force majeure events, business decision risk, system failures, outsourcing risk, as well as legal and regulatory risks.

KSEI’s liquid net assets are sufficient to cover more than six months of operating expenses, in line with the minimum requirements recommended under the PFMI principles. KSEI primarily invests its resources in time deposits in Indonesia, with the remainder invested in government bonds, selected investment-grade corporate bonds, and mutual funds.

Level of Compliance: Observed

Principle 16: Custody and Investment Risks

An FMI should safeguard its own and its participants' assets and minimise the risk of loss on and delay in access to these assets. An FMI's investments should be in instruments with minimal credit, market, and liquidity risks.

Principle Summary

KSEI's investment portfolio is held with designated custodian banks, while its cash and cash equivalents are maintained with several appointed commercial banks. KSEI's ownership interests and rights over assets held in custody are governed by applicable laws and regulations. The legal framework provides protection for KSEI's assets in the event of a default by a custodian bank. The selection of such banks is conducted through a rigorous methodology applied by KSEI.

KSEI has a documented investment strategy. This strategy comprises a set of guidelines for determining asset class exposures and asset class limits based on liquidity risk indicators. The strategy is reviewed and, where necessary, revised periodically by the Investment Committee and the Board of Directors.

Level of Compliance: Observed

Principle 17: Operational Risk

An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.

Principle Summary

KSEI has an operational risk framework that is integrated with the organization-wide risk management framework. The scope of the risk policies covers a wide range of areas, including information technology systems, human resources, settlement and safekeeping, corporate actions, account management, communications, legal matters, business development, strategic and financial management, risk management, and internal audit.

KSEI has clearly defined responsibilities for the identification and assessment of operational risks. Operational risk controls are formally endorsed by risk officers and risk owners, consisting of unit heads and division heads, respectively. KSEI maintains a well-documented operational risk management framework, including guidelines and manuals, which are reviewed at least annually.

A robust audit program is in place, comprising both internal and external audits covering operational and IT aspects. The audit scope is comprehensive and encompasses all areas of KSEI's operations. Operational audits include processes under ISO 9001 and ISO 27001 standards. Auditors have direct access to the Audit Committee.

KSEI has established operational reliability plans and clearly defined time tolerance thresholds in accordance with OJK regulations. In addition, well-defined targets are set for the Recovery Point Objective (RPO) and Recovery Time Objective (RTO), which are reviewed annually.

From a security perspective, KSEI has implemented various measures to protect the organization, its personnel, and its facilities. The security plan includes procedures to prevent, mitigate, contain, and/or manage incidents such as fire, flooding, earthquakes, terrorist attacks, fraud and theft, social unrest, and war or violent conflict. This plan is reviewed annually. KSEI also maintains tested Disaster Recovery (DR) and Business Continuity (BC) plans. The DR site is located approximately 30 km from the primary site, consistent with global best practices. KSEI's Business Site (BS) is dedicated and has sufficient capacity to accommodate all divisions within the organization.

Level of Compliance: Observed

Principle 18: Access and participation requirements

An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.

Principle Summary

All brokers or custodian banks licensed under OJK regulations are eligible to become participants of KSEI. Other entities may also be eligible to participate subject to approval by OJK, including Bank Indonesia, KPEI, PEI, and other relevant institutions. KSEI imposes certain operational requirements on its service users. Participants are required to meet specific legal criteria, which are incorporated by KSEI into the participant agreements.

Due to legal constraints, KSEI currently does not permit participation by foreign market infrastructures and, in certain cases, service providers acting as service users. KSEI does not impose specific minimum financial requirements on participants based solely on their role within KSEI or the risks they may pose to the system. Instead, market participants are required to comply with financial and prudential requirements established by the regulator and/or stipulated in applicable laws and regulations.

KSEI is technically classified as a Self-Regulatory Organization (SRO). KSEI was granted the authority to enforce its rules on participants in November 2014. In late November 2014, OJK approved regulations granting KSEI the authority to conduct ongoing supervision of participants and to impose sanctions for non-compliance with KSEI rules. The participant registration requirements and procedures for participant termination are publicly available on the KSEI website.

Level of Compliance: Observed

Principle 19: Tiered Participation

An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.

Principle 19 is not applicable to KSEI.

Principle 20: FMI Links

An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.

Principle Summary

KSEI currently does not maintain any cross-border links, as no cross-border financial services institutions have been approved by OJK to participate in KSEI. KSEI does, however, maintain a relationship with Bank Indonesia for the settlement of government securities transactions. This relationship is supported by a strong legal basis and contractual arrangements that set out the operational rules governing participation in the relevant financial market infrastructure.

KSEI holds client assets exclusively in omnibus accounts that are segregated from its own assets, thereby ensuring protection against KSEI's insolvency in its capacity as a sub-registry. Reconciliation of securities balances with sub-registry records is conducted on a daily and monthly basis. KSEI continues to monitor developments in international regulation and technology for the potential future development of cross-border links that are secure and in compliance with regulatory requirements.

Level of Compliance: Observed

Principle 21: Efficiency and Effectiveness

An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.

Principle Summary

KSEI's system design takes into account the needs of Indonesian market participants with respect to custody and settlement arrangements, operational structures, delivery mechanisms, and technology. KSEI currently relies on annual user surveys and questionnaires to assess whether its systems and services continue to meet market requirements and the needs of relevant stakeholders. In addition, KSEI has established working groups that regularly discuss KSEI initiatives and gather feedback on operational matters.

KSEI has defined clear objectives and targets for its operational effectiveness. KSEI's vision is to become a reliable central securities depository with regional competitiveness. To achieve this objective, KSEI employs metric-based analysis and tools such as key performance indicators (KPIs), customer satisfaction indices, and compliance with international standards, including ISO standards and the PFMI.

Level of Compliance: Observed

Principle 22: Communication Procedures and Standards

An FMI should use, or at a minimum accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, settlement, and recording.

Principle Summary

Service users communicate with KSEI's systems through interface systems, file uploads, or real-time interfaces. Participants may also contact KSEI through email, telephone, or written correspondence. C-BEST Next G is capable of receiving messages based on ISO 15022 and ISO 20022 standards. However, due to the absence of current market demand, these international messaging standards have not yet been implemented in KSEI's systems.

Level of Compliance: Broadly

Principle 23: Disclosure of Rules, Key Procedures and Market Data

An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.

Principle Summary

KSEI is transparent in publishing its rules and procedures related to its services and structure, and adopts a proactive approach to ensure that market participants fully understand new or amended rules through open socialization and outreach policies. Information relating to other areas, such as fee structures and statistical data, is also accessible on KSEI's official website.

KSEI regularly publishes the latest version of the PFMI Disclosure Framework, monthly statistical reports, and annual reports containing information on operational performance and risk. To further enhance transparency and accessibility of information, KSEI has developed digital portals and web-based information systems that enable participants to access documents, regulations, and market data.

Level of Compliance: Observed

Principle 24: Disclosure of market data by trade repositories

A TR should provide timely and accurate data to relevant authorities and the public in line with their respective needs.

Principle 24 is not applicable to KSEI.