

CIRCULAR LETTER

To

ALL COMMERCIAL BANKS

Subject: Intraday Liquidity Facility for Commercial Banks

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In the framework of providing intraday liquidity facility to smooth Bank transactions in the Bank Indonesia – Real Time Gross Settlement System (BI-RTGS) and Bank Indonesia National Clearing System as stipulated in Bank Indonesia Regulation Number 10/29/PBI/2008 dated 14 November 2008 regarding Intraday Liquidity Facility for Commercial Banks (State Gazette of the Republic of Indonesia Number 174 of 2008, Supplement to the State Gazette of the Republic of Indonesia Number 4922), it is deemed necessary to promulgate stipulation for the implementation of provision for Intraday Liquidity Facility as follows:

I. PROVISIONS FOR INTRADAY LIQUIDITY FACILITY (FLI):

1. Bank Indonesia provides FLI to Commercial Banks comprises of FLI-RTGS and/or FLI-Clearing.
2. Bank may use the FLI subject to meeting the following requirements:
  - a. Hold securities in the forms of SBI and/or SUN which can be repoed to Bank Indonesia.
  - b. Not being suspended as a participant Bank in BI-RTGS System and/or terminated as a participant Bank in clearing system; and
  - c. Being an active participant of BI-SSSS.
3. Banks that meet the requirements as referred to number 2 and intend to use the FLI shall submit the following documents:

a. Agreement ...

- a. Agreement to Use FLI as per Appendix-1 to be prepared in two (2) copies as  
basis for the Bank to use FLI :
  - 1) 1 (one) copy duly sufficiently stamped and signed by the Board of Directors or the authorized Bank executive pursuant to the Statutes of the Bank; and
  - 2) 1 (one) copy duly sufficiently stamped to be signed by Bank Indonesia.
- b. For Bank which head office is domiciled in Indonesia:
  - 1) photocopy of Statutes or the latest amendment legalized by the Bank, empowering the Board of Directors to represent the Bank if the signing of agreement is to be by the Board of Directors;
  - 2) photocopy of Statutes as referred to in number 1) and power of attorney from the Board of Directors to the executive signing the agreement if the Board of Directors do not sign the Agreement;
  - 3) photocopy of regional regulations for Banks that are established as regional banks that empower the Board of Directors to represent the Bank if the signing of agreement is to be done by the Board of Directors;
  - 4) photocopy of regional regulations as referred to in number 3) and the power of attorney from the Board of Directors to the executive signing the agreement if the Board of Directors do not sign the Agreement.
- c. For Bank which head office is domiciled overseas:
  - 1) photocopy of power of attorney from the Head Office empowering the executive to represent the Bank if the Chief Executive Officer (CEO) is to sign the agreement; or
  - 2) photocopy of power of attorney as referred to in number 1) and power of attorney from the CEO to the executive signing the agreement if the CEO is not to sign the agreement;

- d. photocopy of a valid personal identity card (KTP) or passport of the Bank executive that is empowered to sign the agreement as referred in letter b and c.

#### 4) Documents...

4. Documents as referred to in number 3 are to be submitted with a covering letter to Bank Indonesia, Monetary Operation Bureau – Directorate of Monetary Management (BOPM-DPM), Jl. M. H. Thamrin No. 2, Jakarta 10350.
5. Bank Indonesia shall notify the Bank in writing the approval or rejection of the FLI application 7 (seven) working days at the latest after receipt by Bank Indonesia of the complete documents as referred to number 3.
6. In the case the FLI application is approved, Bank Indonesia shall make the BI-SSSS accessible to the Bank for the use of FLI.
7. In the case that Bank has already an access as referred to in number 6 and the said Bank does not then meet the FLI requirements, Bank Indonesia shall terminate the accessibility of FLI through BI-SSSS.

## II. REPO TRANSACTION OF FLI

1. In the process of obtaining FLI, Bank may perform repo transaction by using the Bank's securities in the forms of SBI and/or SUN registered in the trade account in BI-SSSS.
2. Repo transaction by using SBI and/or SUN as referred to in number 1 is implemented in accordance with the following regulations:
  - a. Repo transaction of FLI-RTGS
    - 1) Bank has to transfer the SBI and/or SUN held in the trading account to the FLI-RTGS account in BI-SSSS.
    - 2) Transfer of the SBI and/or SUN as referred to in number 1) shall take place at the moment the Bank requires FLI-RTGS (self assessment) during the operational hours of BI-RTGS System until the cut-off warning of BI-RTGS System.

3) SBI and/or SUN as referred to in number 1) may not be re-transferred to the trading account provided that the Bank uses the BI-RTGS.

4).Bank...

4). Bank may re-transfer SBI and/or SUN as referred to number 1) to the trading account after the Bank finalizes FLI-RTGS.

b. Repo transaction of FLI-Clearing

1) Bank has to transfer the SBI and/or SUN from the trading account to the FLI-Clearing in meeting the requirements for provision of prefunding.

2) Transfer of the SBI and/or SUN as referred to in number 1) shall take place at the beginning of the day prior to the commencement of Debit Clearing in accordance with the stipulations of Bank Indonesia concerning the National Clearing System (SKNBI).

3) The Nominal value of the SBI and/or SUN as referred to in number 1) transferred in accordance with the requirements to meet the obligations of prefunding provision.

4) Bank may re-transfer SBI and/or SUN as referred to number 1) to the trading account in accordance with the stipulations of Bank Indonesia concerning the SKNBI.

3. Repo transaction using SBI and/or SUN in the frame of FLI through BI-SSSS is implemented pursuant to procedures as referred to in the stipulations of Bank Indonesia concerning BI-SSSS.

### III. USE OF FLI

1. Use of FLI-RTGS

a. Bank may use the FLI-RTGS from the opening of the BI-RTGS System until the cut-off warning of the BI-RTGS System provided that Bank has transferred the SBI and/or SUN to the account in FLI-RTGS as referred to in paragraph II.2.a.

b. The use of FLI-RTGS shall take place automatically when the balance of Rupiah demand deposit account of the Bank at Bank Indonesia has insufficient balance to:

1) Settle the outgoing transactions in BI-RTGS system; and

2) Settle...

2) Settle the final debit clearing in accordance with the stipulations of Bank Indonesia concerning the SKNBI.

2. Use of FLI-Clearing

Use of FLI-Clearing shall take place automatically when the balance of Rupiah demand deposit account of the Bank at Bank Indonesia is insufficient to settle final debit clearing provided that the Bank transferred already the securities to the account in FLI-Clearing as referred to in paragraph II.2.b.

3. The mechanism of using FLI through BI-SSSS is implemented pursuant to Bank Indonesia stipulations concerning BI-SSSS.

#### IV. FINALIZATION OF FLI

1. Bank shall finalize the FLI on the day the FLI (T+0) is used, at the latest to the cut-off warning time of BI-RTGS System on the same day.

2. Finalization of FLI by BI-RTGS System is executed automatically where there is an incoming transaction to the Bank's demand deposit account with Bank Indonesia.

3. The mechanism to finalize FLI through BI-BSSS is implemented pursuant to Bank Indonesia stipulations concerning BI-SSSS.

#### V. FEE OF USING FLI

1. Bank Indonesia shall charge for the use of FLI by applying the following formula:

Nominal value FLI used x  $[t / (10.5 \text{ hours} \times 60 \text{ minutes})] \times i \times [1/360]$

Note:

t = time duration of using FLI

i = overnight weighted average interest of morning Rupiah  
PUAB on the day the FLI (T=0) is in use.

10.5 hours...

10.5 hours = duration from the commencement of the BI-RTGS operating system (06:30 WIB) up to the cut-off warning of the BI-RTGS System (17:00 WIB) .

2. The fee of using the FLI as referred to in number 1 shall be calculated as follows:
  - a. For the use of FLI within the first (1<sup>st</sup>) hour, the fee will be based on the extend of FLI nominal value used by the Bank whereas the time shall be rounded up to 1 (one) hour.
  - b. For the use of FLI after the first (1st) hour as referred to in letter a, the fee shall be calculated in accordance with the outstanding FLI nominal value; the time shall be rounded up to the nearest minute.
3. Sample of fee calculation for the use of FLI as referred to in number 2 may be examined in Attachment -2.
4. The fee shall be charged 1 (one) working day after the use of FLI.

## VI. TREATMENT TO UNFINALIZED FLI

1. In the case the Bank is unable to finalize FLI up to the end of deadline as referred to in paragraph IV.1, Bank Indonesia shall implement repo transaction on the unfinalized value for a maturity of 1 (one) day (overnight).
2. With the transition of FLI to become repo transaction as referred to in number 1, the Bank is subject to the stipulations of Bank Indonesia concerning repo transaction with Bank Indonesia in the prevailing secondary market.

## VII. TRANSITIONAL PROVISIONS

1. Bank that has signed Agreement of Using FLI and its Collateral prior to the coming into force of this Circular Letter must replace the agreement with the one as attached to this Circular Letter.
2. Bank as a clearing participant that belongs to the regional clearing office that has not applied SKNBI may use the FLI – RTGS System to settle the final result of clearing before the cut-off warning.

## VIII. CLOSING PROVISIONS

With the coming into force of this Circular Letter, the Bank Indonesia Circular Letter Number 7/34/DPM dated 3 August 2005 concerning the Intraday Liquidity Facility for Commercial Banks and Bank Indonesia Circular Letter Number 7/46/DPM dated 27 September 2005 concerning Amendment to the Circular Letter Number 7/34/DPM dated 3 August 2005 concerning Intraday Liquidity Facility for Commercial Banks are hereby revoked and declared no longer valid.

The stipulations of this Circular Letter shall come into force on 14 November 2008.

For the public to be informed, it is ordered that this Bank Indonesia Circular Letter be promulgated in the State Gazette of the Republic of Indonesia.

Please be informed accordingly.

BANK INDONESIA

EDDY SULAEMAN YUSUF

DIRECTOR OF MONETARY MANAGEMENT