

Frequently Asked Questions (FAQs)

on Bank Indonesia Circular Letter No. 10/16/DPM dated March 31, 2008, concerning
Procedures of the Issuance of Bank Indonesia Sharia Certificate through Auction

Q. What are the characteristics of the SBIS?

A. The SBIS has characteristics as follows.

- in unit price of Rp1,000,000.00 (one million rupiah);
- with a minimum tenor of 1 (one) month and a maximum tenor of 12 (twelve) months;
- issued without paper (scripless);
- may be collateralized to Bank Indonesia; and
- non-tradable in secondary markets.

Q. How is the SBIS issued?

A. The SBIS is issued by an auction mechanism.

Q. When does the SBIS auction window time open?

A. The SBIS auction shall be conducted every Wednesday with a window time from 10.00 a.m. up to 12.00 p.m. (western Indonesia standard time) or on another working day and window time to be stipulated further by Bank Indonesia.

Q. Who may participate in the SBIS auction?

A. SBIS auction participants comprise Sharia Commercial Banks (BUS), Sharia Divisions (UUS), and brokers acting for and on behalf of BUS or UUS with a Financing to Deposit Ratio (FDR) of no less than 80%, based on Bank Indonesia's calculation, and are not being under imposition of any sanction of temporary termination to participate in SBIS auction.

Q. What is the minimum bid for quantity in the SBIS auction?

A. The minimum bid for quantity of SBIS auction participant is 1,000 (one thousand) units or Rp1,000,000,000.00 (one billion rupiah) and the remaining shall be in a multiple of 100 (one hundred) units or Rp100,000,000.00 (one hundred million rupiah).

Q. How ...

Q. How is the determination of SBIS auction winner and when will it be announced?

A. Bank Indonesia shall determine the quantity of SBIS auction winner based on the number of bids for quantity received or based on calculation of quantity on proportional basis. SBIS auction results shall be announced after the SBIS auction window time is closed, individually to auction winners through the BI-SSSS and as a whole through the BI-SSSS and the LHBU System.

Q. Is there any rights for issued SBIS and how is it calculated?

A. Yes, SBIS holders shall receive rights for any issued SBIS with calculation :

SBIS Rights = SBIS nominal value x (SBIS maturity / 360) x rate of SBIS rights, where the rate of SBIS rights shall refer to the discount rate resulting from the auction of SBI with the same maturity and issued simultaneously with the issuance of the SBIS.

- If the SBIS auction applies a Fixed Rate Tender method, the rate of SBIS rights shall be stipulated the same as the discount rate resulting from the SBI auction.
- If the SBI auction applies a Variable Rate Tender method, the rate of SBIS rights shall be stipulated the same as the weighted average of discount rate resulting from the SBI auction.

Q. When will SBIS auction results be settled and how is the mechanism?

A. The SBIS auction results shall be settled on the same day as the day of the auction (same day settlement) by debiting Demand Deposit Account of the auction winner in purpose of Fund Settlement and crediting Securities Account of the auction winner for Securities Settlement.

Q. When will SBIS redemption be conducted and how is the mechanism?

A. SBIS redemption shall be conducted by Bank Indonesia on the date of SBIS maturity by crediting Demand Deposit Account at the amount of SBIS nominal value added with rights in purpose of Fund Settlement and debiting Securities Account at the amount of mature SBIS nominal value for Securities Settlement.

Q. In ...

Q. In what cases shall a BUS or UUS be imposed sanctions?

A. Any BUS or UUS shall be imposed sanctions for cancellation of SBIS auction results due to an inadequacy of balance in its Demand Deposit Account for the settlement of the whole liabilities in Fund Settlement of SBIS auction results up to the BI-RTGS System cut off warning.

Q. In what forms shall the sanctions be imposed?

A. The sanctions shall be imposed in the form of written warning and financial penalty of 1‰ (one per thousand) of the nominal value of the cancelled SBIS with a maximum amount of Rp1,000,000,000.00 (one billion rupiah) for each cancelled SBIS transaction. If SBIS transaction by a BUS or UUS is cancelled three times within 6 (six) months, in addition to such sanctions, the BUS or UUS shall also be imposed sanctions in the form of :

- temporary termination for participation in SBIS auction of the following week;
and
- prohibition of proposition for Repo SBIS for 5 (five) consecutive working days as of the imposition of the third written warning on the BUS or UUS.

DPM