

BANK INDONESIA REGULATION
NUMBER 20/14/PBI/2018
ON
THE SECOND AMENDMENT TO BANK INDONESIA REGULATION
NUMBER 20/5/PBI/2018 ON MONETARY OPERATION

BY THE BLESSINGS OF THE ALMIGHTY GOD

BANK INDONESIA GOVERNOR,

Considering : a. that to strengthen monetary operation framework, Bank Indonesia has issued Sukuk Bank Indonesia as one of the monetary operation instruments under sharia principles;

b. that with the issuance of Sukuk Bank Indonesia as one of the monetary operation instruments under sharia principles, it is necessary to regulate Sukuk Bank Indonesia;

c. that based on the foregoing considerations set forth in letter a and letter b, it is necessary to stipulate Bank Indonesia Regulation on the Second Amendment to Bank Indonesia Regulation Number 20/5/PBI/2018 on Monetary Operation;

Observing : 1. Law Number 23 of 1999 on Bank Indonesia (State Gazette of the Republic of Indonesia of 1999 Number 66, Supplement to State Gazette of the Republic of Indonesia Number 3843) as last amended

- by Law Number 6 of 2009 on the Establishment of Government Regulation in Lieu of Law Number 2 of 2008 on the Second Amendment to Law Number 23 of 1999 on Bank Indonesia as a Law (State Gazette of the Republic of Indonesia of 2009 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 4962);
2. Law Number 24 of 1999 on Foreign Exchange Flow and Exchange Rate System (State Gazette of the Republic of Indonesia of 1999 Number 67, Supplement to State Gazette of the Republic of Indonesia Number 3844);
 3. Bank Indonesia Regulation Number 20/5/PBI/2018 on Monetary Operation (State Gazette of the Republic of Indonesia of 2018 Number 60, Supplement to State Gazette of the Republic of Indonesia Number 6198) as amended by Bank Indonesia Regulation Number 20/12/PBI/2018 on Amendment to Bank Indonesia Regulation Number 20/5/PBI/2018 on Monetary Operation (State Gazette of the Republic of Indonesia of 2018 Number 199, Supplement to State Gazette of the Republic of Indonesia Number 6259);

HAS DECIDED:

To stipulate : BANK INDONESIA REGULATION ON THE SECOND AMENDMENT TO BANK INDONESIA REGULATION NUMBER 20/5/PBI/2018 ON MONETARY OPERATION.

Article I

Several provisions of Bank Indonesia Regulation Number 20/5/PBI/2018 on Monetary Operation (State Gazette of the Republic of Indonesia of 2018 Number 60, Supplement to State Gazette of the Republic of Indonesia Number 6198) as amended by Bank Indonesia Regulation Number 20/12/PBI/2018 on Amendment to Bank Indonesia Regulation Number 20/5/PBI/2018 on Monetary Operation (State Gazette of the Republic of Indonesia of 2018 Number 199, Supplement to

State Gazette of the Republic of Indonesia Number 6259) are amended as follows:

1. 1 (one) new item, namely item 16A, is inserted between Article 1 item 16 and item 17, and therefore, it reads as follows:

Article 1

In this Bank Indonesia Regulation:

1. Bank means a commercial bank, sharia commercial bank, and sharia business unit.
2. Conventional Commercial Bank, hereinafter referred to as CCB, means a commercial bank carrying out its business activities in a conventional manner as set forth in the Law on banks.
3. Sharia Commercial Bank, hereinafter referred to as SCB, means a commercial bank carrying out its business activities adhering to sharia principle as set forth in the Law on sharia banks.
4. Sharia Business Unit, hereinafter referred to as SBU, means a sharia business unit as set forth in the Law on sharia banks.
5. Monetary Operation means monetary policy implementation by Bank Indonesia to exercise monetary control in a conventional manner and adhering to sharia principle.
6. Conventional Monetary Operation, hereinafter referred to as CMO, means monetary policy implementation by Bank Indonesia to exercise monetary control in a conventional manner.
7. Sharia Monetary Operation, hereinafter referred to as SMO, means monetary policy implementation by Bank Indonesia to exercise monetary control adhering to sharia principle.
8. Open Market Operation, hereinafter referred to as OMO, means transactional activities in the money market and/or foreign exchange market conducted by

Bank Indonesia with Banks and/or other parties for Monetary Operation in a conventional manner and adhering to sharia principle.

9. Conventional Open Market Operation, hereinafter referred to as Conventional OMO, means transactional activities in the money market and/or foreign exchange market conducted by Bank Indonesia with commercial banks and/or other parties.
10. Sharia Open Market Operation, hereinafter referred to as Sharia OMO, means transactional activities in the money market adhering to sharia principle and/or foreign exchange market conducted by Bank Indonesia with SCB, SBU, and/or other parties.
11. Standing Facilities means rupiah lending facility from Bank Indonesia to Banks and rupiah deposit facility by Banks in Bank Indonesia for Monetary Operation in a conventional manner and adhering to sharia principle.
12. Conventional Standing Facilities means rupiah lending facility from Bank Indonesia to commercial banks and rupiah deposit facility by commercial banks in Bank Indonesia.
13. Sharia Standing Facilities means rupiah financing facility from Bank Indonesia to SCB or SBU and rupiah deposit facility by SCB or SBU in Bank Indonesia.
14. Bank Indonesia Certificate, hereinafter referred to as SBI, means securities in rupiah currency issued by Bank Indonesia as acknowledgment of short-term indebtedness.
15. Sharia Bank Indonesia Certificate, hereinafter referred to as SBIS, means securities adhering to sharia principle in rupiah currency issued by Bank Indonesia with a short term.
16. Bank Indonesia Deposit Certificate, hereinafter referred to as SDBI, means securities in rupiah

currency issued by Bank Indonesia as acknowledgment of short-term indebtedness, which may only be traded between commercial banks.

- 16A. Sukuk Bank Indonesia, hereinafter referred to as SukBI, means sukuk issued by Bank Indonesia by using an underlying asset in the form of Bank Indonesia's securities under sharia principles.
 17. Bank Indonesia Securities in Foreign Currency, hereinafter referred to as Foreign Currency SBBI, means securities in foreign currency issued by Bank Indonesia as acknowledgment of short-term indebtedness.
 18. Sovereign Securities, hereinafter referred to as SBN, mean sovereign debt securities and sovereign sharia securities.
 19. Sovereign Debt Securities, hereinafter referred to as SUN, means sovereign debt securities as set forth in the Law on sovereign debt securities.
 20. Sovereign Sharia Securities, hereinafter referred to as SBSN, mean sovereign sharia securities as set forth in the Law on sovereign sharia securities.
 21. Business Day means the business days of Bank Indonesia, including the limited operational business days of Bank Indonesia.
2. Provisions of Article 12 remain unchanged but elucidation of Article 12 letter b is amended, and therefore, it reads as specified in the Article elucidation.
 3. Provisions of Article 18 paragraph (2) are amended, and therefore, it reads as follows:

Article 18

- (1) Lending facility in Conventional Standing Facilities is extended when Bank Indonesia receives repo of securities in rupiah from participants of Conventional Standing Facilities.

- (2) The securities set forth in paragraph (1) may take the following forms:
 - a. SBI;
 - b. SDBI;
 - c. SukBI;
 - d. SBN; and/or
 - e. any other high-quality and liquid securities as determined by Bank Indonesia.

4. Provisions of Article 22 letter a are amended, and therefore, it reads as follows:

Article 22

The Sharia OMO set forth in Article 21 letter a is implemented through:

- a. issuance of SBIS and/or SukBI;
 - b. repo and/or reverse repo of securities adhering to sharia principles;
 - c. outright purchase and/or sale of securities adhering to sharia principles;
 - d. sharia term deposit with Bank Indonesia in foreign currency; and/or
 - e. other transactions adhering to sharia principles in rupiah and foreign exchange market.
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5. Provisions of Article 30 paragraph (2), paragraph (3), and paragraph (4) are amended, and therefore, it reads as follows:

Article 30

- (1) Financing facility in rupiah in Sharia Standing Facilities is extended when Bank Indonesia receives repo of securities in rupiah adhering to sharia principles from participants of Sharia Standing Facilities.

- (2) The securities set forth in paragraph (1) may take the following forms:
 - a. SBIS;
 - b. SukBI; and/or
 - c. SBSN.
 - (3) The financing facility in rupiah in the form of SBIS repo uses *qard* contract followed by *rahn*.
 - (4) The financing facility in rupiah in the form of SukBI repo and SBSN repo uses *al ba'i* contract followed by *wa'd*.
 - (5) In the event of change of the contract set forth in paragraph (3) and paragraph (4), the change will be specified in a Regulation of Member of Board of Governors.
6. Provisions of CHAPTER IV Part Two are amended, and therefore, it reads as follows:

Part Two

SMO Instruments Issued by Bank Indonesia

Section 1

SBIS and SukBI

Article 44

- (1) SBIS issued by Bank Indonesia uses *ju'alah* contract.
- (2) Bank Indonesia determines and pays reward for any SBIS issued.
- (3) Bank Indonesia will pay the reward set forth in paragraph (2) under the following conditions:
 - a. when SBIS is due; or
 - b. prior to the due date, if SCB or SBU fails to meet its SBIS repo obligation.
- (4) In the event of change of the contract set forth in paragraph (1), the change will be specified in a Regulation of Member of Board of Governors.

Article 45

SBIS has the following characteristics:

- a. has the shortest term of 1 (one) month and longest term of 12 (twelve) months stated in the number of calendar days and calculated starting from 1 (one) day after the settlement date until the due date;
- b. is issued scripless;
- c. may be secured to Bank Indonesia;
- d. is non-tradable in the secondary market; and
- e. may only be owned by SCB or SBU.

Article 45A

- (1) SukBI issued by Bank Indonesia uses *al-musyarakah al-muntahiyah bi al-tamlik* contract.
- (2) Bank Indonesia determines and pays reward for any SukBI issued.
- (3) Bank Indonesia will pay the reward set forth in paragraph (2) under the following conditions:
 - a. when SukBI is due; or
 - b. prior to the due date, if a Bank fails to meet its SukBI repo obligation.
- (4) In the event of change of the contract set forth in paragraph (1), the change will be specified in a Regulation of Member of Board of Governors.

Article 45B

SukBI has the following characteristics:

- a. uses *underlying asset* in the form of SBSN;
- b. has the shortest term of 1 (one) day and the longest term of 12 (twelve) months stated in the number of calendar days and calculated starting from 1 (one) day after the settlement date until the due date;
- c. is issued scripless;
- d. may be secured to Bank Indonesia;
- e. may be purchased by SCB and SBU in the primary market;
- f. is tradable in the secondary market; and

- g. may only be owned by a Bank.

Article 46

Further provisions for SBIS and SukBI will be specified in a Regulation of Member of Board of Governors.

Section 2

Administration of SBIS and SukBI

Article 47

- (1) Bank Indonesia will administer SBIS and SukBI in an electronic administration system in Bank Indonesia.
- (2) The administration system managed by Bank Indonesia set forth in paragraph (1) includes a system to record ownership and settlement of SBIS and SukBI transactions.
- (3) The SBIS and SukBI ownership recording system set forth in paragraph (2) is conducted scripless.
- (4) Bank Indonesia may appoint another party to support the implementation of SBIS and SukBI administration set forth in paragraph (1).

Article 48

Bank Indonesia may administer SBIS and SukBI by using other means specified by Bank Indonesia.

Section 2A

Limitation of SukBI Transactions in the Secondary Market

Article 48A

- (1) A Bank may not make SukBI transactions in the secondary market with non-Bank parties.
- (2) The provisions set forth in paragraph (1) are not applicable to SukBI transactions conducted by a Bank with Bank Indonesia.

- (3) The other party appointed to support SukBI administration set forth in Article 47 paragraph (4) must administer SukBI of its customers by complying with the provisions set forth in paragraph (1).

Section 3

Payment of SBIS and SukBI

Article 49

Bank Indonesia must pay SBIS and SukBI when due in their nominal amount and pay the fee set forth in Article 44 paragraph (3) and Article 45A paragraph (3).

Article 50

Further provisions for payment of SBIS and SukBI will be specified in a Regulation of Member of Board of Governors.

7. Provisions of CHAPTER IX Part Two are amended, and therefore, it reads as follows:

Part Two

Sanctions for Limitation of SBI, SDBI, and SukBI Transactions in the Secondary Market

Article 76

Any SBI owner who is a CMO participant that breaches the provisions set forth in Article 39 paragraph (1) and/or any other party appointed to support SBI administration that

breaches the provisions set forth in Article 39 paragraph (3) shall be imposed with the following sanctions:

- a. written warning; and
- b. payment obligation of 0.01% (zero point zero one percent) of the value of the SBI transaction being declared non-compliant with the requirements set forth in Article 39 paragraph (1) and paragraph (3), at the minimum of Rp10,000,000.00 (ten million rupiah) and the maximum of Rp100,000,000.00 (one hundred million rupiah) per day.

Article 77

Any commercial bank that breaches the provisions set forth in Article 40 paragraph (1) and/or any other party appointed to support SDBI administration that breaches the provisions set forth in Article 40 paragraph (3) shall be imposed with the following sanctions:

- a. written warning; and
- b. payment obligation of 0.01% (zero point zero one percent) of the value of the SDBI transaction being declared non-compliant with the requirements set forth in Article 40 paragraph (3), at the minimum of Rp10,000,000.00 (ten million rupiah) and the maximum of Rp100,000,000.00 (one hundred million rupiah) per day.

Article 77A

Any Bank that breaches the provisions set forth in Article 48A paragraph (1) and/or any other party appointed to support SukBI administration that breaches the provisions set forth in Article 48A paragraph (3) shall be imposed with the following sanctions:

- a. written warning; and
- b. payment obligation of 0.01% (zero point zero one percent) of the value of the SukBI transaction being declared non-compliant with the requirements set forth in Article 48A paragraph (1), at the minimum of

Rp10,000,000.00 (ten million rupiah) and the maximum of Rp100,000,000.00 (one hundred million rupiah) per day.

Article 78

Further provisions for the sanction imposition mechanism for limitation of SBI, SDBI, and SukBI transactions in the secondary market will be specified in a Regulation of Member of Board of Governors.

Article II

This Bank Indonesia Regulation starts to take effect from its promulgation date.

For public recognition, it is hereby ordered this Bank Indonesia Regulation be promulgated in the State Gazette of the Republic of Indonesia.

Established in Jakarta
on

BANK INDONESIA GOVERNOR,

PERRY WARJIYO

Promulgated in Jakarta
on

MINISTER OF LAW AND HUMAN RIGHTS
THE REPUBLIC OF INDONESIA,

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2018 NUMBER 247

ELUCIDATION
OF
BANK INDONESIA REGULATION
NUMBER 20/14/PBI/2018
ON
THE SECOND AMENDMENT TO BANK INDONESIA REGULATION
NUMBER 20/5/PBI/2018 ON MONETARY OPERATION

I. GENERAL

Article 7 of Law Number 23 of 1999 on Bank Indonesia as last amended by Law Number 6 of 2009 on Establishment of Government Regulation in Lieu of Law Number 2 of 2008 on the Second Amendment to Law Number 23 of 1999 on Bank Indonesia as a Law expressly sets forth that the objective of Bank Indonesia is to reach and maintain rupiah value stability.

To strengthen Monetary Operation framework, Bank Indonesia has issued Sukuk Bank Indonesia as one of the Monetary Operation instruments under sharia principles. In addition to strengthen Monetary Operation framework, issuance of Sukuk Bank Indonesia aims to support deepening of sharia financial market. Therefore, it is necessary to make the second amendment to Bank Indonesia Regulation Number 20/5/PBI/2018 on Monetary Operation.

II. ARTICLE BY ARTICLE

Article I

Item 1

Article 1

Self-explanatory.

Item 2

Article 12

Letter a

“Issuance of SBI, SDBI, and/or Foreign Currency SBBI” means selling of SBI, SDBI, and/or Foreign Currency SBBI by Bank Indonesia in the primary market.

Letter b

“Repurchase agreement (repo) transaction” means selling of securities by a Conventional OMO participant to Bank Indonesia with repurchase obligation by the Conventional OMO participant at the agreed price and in the agreed period.

“Securities” mean SBI, SDBI, SukBI, SBN, and other high quality and liquid securities as determined by Bank Indonesia.

“Reverse repo transaction” means purchase of securities by a Conventional OMO participant from Bank Indonesia with reselling obligation by the Conventional OMO participant at the agreed price and in the agreed period.

“Securities” mean SBN, and other high quality and liquid securities as determined by Bank Indonesia.

Letter c

“Outright securities purchase and/or sale transaction” means purchase and sale of securities in an outright manner.

“Securities” mean SBN and other high quality and liquid securities as determined by Bank Indonesia.

Letter d

“Term deposit with Bank Indonesia in rupiah” means placement of a Conventional OMO participant’s fund in a termed manner with Bank Indonesia in rupiah.

Letter e

“Term deposit with Bank Indonesia in foreign currency” means placement of a Conventional OMO participant’s fund in a termed manner with Bank Indonesia in a foreign currency.

Letter f

Purchase and sale of foreign currencies against rupiah are conducted among others in the forms of spot transactions, forward transactions, swap transactions, and/or domestic non-deliverable forward transactions.

“Spot” means purchase or sale transaction of foreign currency against rupiah where fund transfer is conducted within 2 (two) Business Days after the transaction date.

Spot transaction includes transactions with same day foreign currency transfer (today) or 1 (one) Business Day after a transaction date (tomorrow).

“Forward” means purchase or sale transaction of foreign currency against rupiah where fund transfer is conducted within more than 2 (two) Business Days after the transaction date.

“Swap” means foreign currency exchange against rupiah through spot purchase or sale with forward resale or repurchase conducted simultaneously with the same counterpart and at the rate established and agreed on the transaction date.

Swap transaction in a tender method conducted between a CCB and Bank Indonesia may be deemed as a pass on of the CCB’s derivative transaction position with its related party.

Domestic non-deliverable forward transaction means standard derivative transaction of foreign currency against rupiah (plain vanilla) in the form of forward

transaction in a fixing mechanism conducted in the domestic market.

Fixing mechanism is transaction settlement mechanism without any principal fund movement by calculating the difference between forward transaction rate and the reference rate on a fixing date under a contract.

Letter g

Self-explanatory.

Item 3

Article 18

Self-explanatory.

Item 4

Article 22

Letter a

“Issuance of SBIS and/or SukBI” means selling of SBIS and/or SukBI by Bank Indonesia in the primary market.

Letter b

“Repo transaction” means selling of securities by a Sharia OMO participant to Bank Indonesia with repurchase obligation by the Sharia OMO participant at the agreed price and in the agreed period.

“Securities adhering to sharia principles” mean SBSN, SukBI, and other high quality and liquid securities that meet sharia principles as determined by Bank Indonesia.

“Reverse repo transaction” means purchase of securities by a Sharia OMO participant from Bank Indonesia with reselling obligation by the Sharia OMO participant at the agreed price and in the agreed period.

“Securities adhering to sharia principles” means SBSN and other high quality and liquid securities that meet sharia principles as determined by Bank Indonesia.

Letter c

“Outright purchase and/or sale of securities adhering to sharia principles” means purchase and sale of securities in an outright manner.

“Securities adhering to sharia principles” means SBSN and other high quality and liquid securities that meet sharia principles as determined by Bank Indonesia.

Letter d

“Sharia term deposit with Bank Indonesia in foreign currency” means placement of a Sharia OMO participant’s fund in a termed manner with Bank Indonesia in a foreign currency.

Letter e

Other transactions that meet sharia principles in a foreign currency market include spot transactions and/or derivative transactions which are aimed at hedging under sharia principles and have underlying.

Item 5

Article 30

Paragraph (1)

“*Repo* of securities” means conditional sale of securities by a Sharia Standing Facilities participant to Bank Indonesia with repurchase obligation at the agreed price and in the agreed period (sell and buy back) and/or loan extension by Bank Indonesia to a Sharia Standing Facilities participant with securities as collateral (collateralized borrowing).

Paragraph (2)

Self-explanatory.

Paragraph (3)

“*Qard* contract” means non-interest borrowing where the borrower will repay the loan principal in a single sum of money in a certain period.

“*Rahn*” means delivery of collateral from SCB or SBU (*rahin*) to Bank Indonesia (*murtahin*) as collateral to obtain *qard*.

Paragraph (4)

“*Al ba’i* contract followed by *wa’d*” means sale and purchase under a covenant (*al wa’d*) by a Sharia Standing Facilities participant to Bank Indonesia, in a separate document, to repurchase or resell securities in the agreed period and at the agreed price.

Paragraph (5)

Self-explanatory.

Item 6

Article 44

Paragraph (1)

“*Ju’alah* contract” means a covenant or commitment (*iltizam*) to give a certain reward (*’iwadh/ju’l*) for an achievement determined from a work.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 45

Letter a

SBIS period is stated in the number of calendar days and calculated 1 (one) calendar day after a transaction settlement date until the due date.

Letter b

“*Scriptless*” means issued without the physical SBIS, and ownership evidence for an SBIS owner in the form of electronic record.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Article 45A

Paragraph (1)

“*Al-musyarakah al-muntahiyah bi al-tamlik* contract” means a *syirkah* contract between 2 (two) or more parties followed by a portion purchase (*hishshah*) by 1 (one) party and another party at the end of a contract or when it is due.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 45B

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

“*Scriptless*” means issued without the physical SukBI and ownership evidence for a SukBI owner in the form of electronic record.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

SukBI is tradable between Banks in the secondary market among others in an outright manner, repo method, or collateralized.

Letter g

Self-explanatory.

Article 46

Self-explanatory.

Article 47

Paragraph (1)

Electronic administration in Bank Indonesia is conducted under the provisions of Bank Indonesia for implementation of transactions, administration of securities, and outright settlements.

Paragraph (2)

Self-explanatory.

Paragraph (3)

“*Scripless*” means issued without the physical SBIS and SukBI and ownership evidence for their owners in the form of electronic record.

Paragraph (4)

“Another party” means, among others, sub-registry.

Article 48

Self-explanatory.

Article 48A

Paragraph (1)

SukBI transactions include outright sale or purchase transaction, lending and borrowing, repo, or extending or receiving collateral.

Paragraph (2)

Self-explanatory.

Paragraph (3)

If another party is appointed to support SukBI administration, such other party may only administer the Bank’s SukBI.

Article 49

Self-explanatory.

Article 50

Self-explanatory.

Item 7

Article 76

Self-explanatory.

Article 77

Self-explanatory.

Article 77A

Self-explanatory.

Article 78

Self-explanatory.

Article II

Self-explanatory.