

CIRCULAR LETTER

To

ALL BANKS, SECURITIES COMPANIES, AND
NON-BANK CUSTODIAN INSTITUTIONS
IN INDONESIA

Subject : Administration Procedures of Retail Government Sharia
Securities

Following the enactment of Bank Indonesia Regulation Number 10/13/PBI/2008 dated August 21, 2008, concerning Government Securities Auction and Administration (State Gazette of the Republic of Indonesia Number 123 of 2008, Supplement to the State Gazette of the Republic of Indonesia Number 4888) and Minister of Finance of the Republic of Indonesia Decree Number 215/KMK.08/2008 dated August 15, 2008, concerning Designation of Bank Indonesia as the Administration Agent, Payment Agent, and Auction Agent of Government Sharia Securities in Domestic Market and Minister of Finance of the Republic of Indonesia Regulation Number 218/PMK.08/2008 dated December 16, 2008, concerning Retail Government Sharia Securities Issuance and Selling in the Domestic Primary Market, it is deemed necessary to stipulate provisions concerning Administration Procedures of Retail Government Sharia Securities in a Bank Indonesia Circular Letter as follows.

I. GENERAL PROVISIONS

Terminologies used in this Circular letter are defined as follows.

1. Government Sharia Securities, hereinafter to be referred to as SBSN, or may be called as Government Sukuk, is a government securities issued

under ...

- under sharia principles, denominated in the rupiah, as an evidence of placement on SBSN assets.
2. Retail SBSN, hereinafter to be referred to as Retail Government Sukuk, is a SBSN sold to persons or individual persons of Indonesian citizens through selling agent.
 3. Selling Agent is a bank and/or securities company designated to conduct the selling of Retail Government Sukuk.
 4. Bank is a Commercial Bank as referred to in Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998 and Sharia Commercial Bank as referred to in Act Number 21 of 2008 concerning Sharia Banking.
 5. Securities Company is a securities company as referred to in Act Number 8 of 1995 concerning Capital Market, conducting business as securities underwriter.
 6. Bank Indonesia - Real Time Gross Settlement System, hereinafter to be referred to as BI-RTGS System, is a system for electronic fund transfer among BI-RTGS System members in the rupiah as referred to in provisions regulating the BI-RTGS System.
 7. Bank Indonesia - Scripless Securities Settlement System, hereinafter to be referred to as the BI-SSSS, is a system that provides transaction facilities with Bank Indonesia including its administration and electronic securities administration, seamlessly interconnected among Participants, the Operator and the BI-RTGS System.
 8. Administration of Retail Government Sukuk is an activity including clearing and settlement, ownership registration, and payment agent for coupon and nominal value of Retail Government Sukuk.
 9. Coupon is a payment which may be in the form of leasing, profit sharing, margin, or other forms of payment referring to Retail Government Sukuk issuance contract, extended to Retail Government Sukuk holder up to the

end of Retail Government Sukuk period.

10. Sub-Registry is a Bank or an institution conducting custodial activities, meeting requirements, and approved by Bank Indonesia to perform function in the administration of securities including Retail Government Sukuk for customers.
11. Nominal Value is a Retail Government Sukuk value on behalf of investor registered in the BI-SSSS and Sub-Registry.
12. Business Day is a payment system operating day conducted by Bank Indonesia.

II. ADMINISTRATION PROCEDURES OF RETAIL GOVERNMENT SUKUK

A. Settlement of Retail Government Sukuk in the Primary Market

1. Bank Indonesia shall conduct settlement of Retail Government Sukuk in the Primary Market based on selling results determined by the Director General of Debt Management for and on behalf of the Minister of Finance of the Republic of Indonesia.
2. Settlement of Retail Government Sukuk shall be conducted no later than 2 (two) Business Days after the date of determination of Retail Government Sukuk selling results (T+2).
3. Settlement of Retail Government Sukuk shall be conducted on settlement date under the following procedures.
 - a. Selling Agent shall conduct payment through the BI-RTGS System to rupiah demand deposit account of the Government with Bank Indonesia number 500.000003 “Menteri Keuangan Penerimaan Penerbitan Surat Berharga Negara” amounting to the value of allotment received, with a time limit up to 10.00 a.m. (western Indonesia standard time).
 - b. Selling Agent other than Bank is required to designate paying

Bank ...

Bank to execute the fund payment as referred to in letter a and inform the paying Bank in writing preceded by facsimile transmission to Bank Indonesia, c.q. Directorate of Monetary Management - Monetary Management Transaction Settlement Division (BI, c.q. DPM-PTPM).

- c. Selling Agent shall submit the payment evidence as referred to in letter a to BI, c.q. DPM-PTPM.
- d. By the receipt of the payment evidence as referred to in letter c, Bank Indonesia, c.q. DPM-PTPM, shall register the issuance of Retail Government Sukuk series in the BI-SSSS and credit securities account of the Sub-Registry designated by the investor buying the Retail Government Sukuk.
- e. By the completion of the Retail Government Sukuk settlement as referred to in letter d, the Sub-Registry shall be required to register the Retail Government Sukuk ownership on behalf of the investor which receives allocation of the Retail Government Sukuk on individual basis in the Sub-Registry system.
- f. On the same day the Sub-Registry shall transmit a detailed list of Retail Government Sukuk individual investors, specifying Account Identifier (AId), name of customer, securities code, investor status, investor type, and transaction nominal value, to BI, c.q. DPM-PTPM, by e-mail.

B. Payment of Retail Government Sukuk Coupon and/or Nominal Value

1. Bank Indonesia shall conduct payment of Retail Government Sukuk Coupon and/or Nominal Value based on Retail Government Sukuk ownership position registered in the BI-SSSS on 2 (two) Business Days prior to the Retail Government Sukuk Coupon and/or Nominal Value payment maturity date (T-2).
2. The Retail Government Sukuk Coupon and/or Nominal Value

payment ...

payment as referred to in number 1 shall be conducted on its maturity date by debiting rupiah demand deposit account of the Government with Bank Indonesia and crediting rupiah demand deposit account of Bank or Sub-Registry paying Bank or Sub-Registry in Bank Indonesia amounting to Retail Government Sukuk Coupon and/or Nominal Value.

3. On the day of the Retail Government Sukuk Coupon and/or Nominal Value payment by Bank Indonesia, the Sub-Registry shall be required to forward the payment of Retail Government Sukuk Coupon and/or Nominal Value to investor registered in the Sub-Registry.
- C. Settlement of Retail Government Sukuk Transaction in Secondary Market
Settlement procedures of Retail Government Sukuk transaction in secondary market shall refer to Bank Indonesia provisions regulating the BI-SSSS.

III. CONCLUDING PROVISIONS

Provisions in this Circular Letter shall come into force as of February 10, 2009.

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

Please be informed accordingly.

BANK INDONESIA,

EDDY SULAEMAN YUSUF
DIRECTOR OF MONETARY MANAGEMENT

DPM