

REGULATION OF MEMBER OF BOARD OF GOVERNORS
NUMBER 22/34/PADG/2020 OF 2020
ON
SETTLEMENT FOR BILATERAL TRANSACTIONS BETWEEN INDONESIA AND
THAILAND USING RUPIAH
AND BAHT THROUGH BANK

BY THE BLESSINGS OF ALMIGHTY GOD

MEMBER OF BOARD OF GOVERNORS OF BANK INDONESIA,

Considering :

- a. that Bank Indonesia and the Bank of Thailand have agreed to establish a cooperation framework to encourage settlement of bilateral transactions using rupiah and baht in financial activities and transactions through bank;
- b. that Bank Indonesia has issued Bank Indonesia Regulation regarding the settlement of bilateral transactions using local currency (local currency settlement) through bank;
- c. that according to the considerations as referred to in point a and point b, it has been deemed necessary to establish Regulation of Member of Board of Governors on Settlement for Bilateral Transactions between Indonesia and Thailand Using Rupiah and Baht through Bank.

Observing : Bank Indonesia Regulation Number 22/12/PBI/2020 on Settlement for Bilateral Transactions Using Local Currency through Bank (State Gazette of the Republic of Indonesia of 2020 Number 198, Supplement to the State Gazette of the Republic of Indonesia Number 6550);

HAS DECIDED:

To enact : REGULATION OF MEMBER OF BOARD OF GOVERNOR ON THE SETTLEMENT FOR BILATERAL TRANSACTIONS BETWEEN INDONESIA AND THAILAND USING RUPIAH AND BAHT THROUGH BANK.

CHAPTER I GENERAL PROVISIONS

Article I

Under this Regulation of Member of Board of Governors, the following definitions are employed:

1. Bank means bank which carries on business activities in a conventionally and/or according to sharia principles, which provides services in, including branch offices of banks domiciled overseas.
2. Bilateral Transaction Settlement (Local Currency Settlement) Using Rupiah and Baht, hereinafter referred to as Rupiah and Baht LCS, is a transaction settlement carried out bilaterally by business actors in Indonesia and Thailand using rupiah and baht.
3. Bank Appointed Cross Currency Dealer Bank, hereinafter referred to as ACCD Bank, is a bank appointed to carry the settlement of certain financial activities and transactions for the purposes of implementing the Rupiah and Baht LCS.
4. Indonesian ACCD Bank means ACCD Bank in Indonesia.
5. Thailand ACCD Bank means ACCD Bank in Thailand.
6. Rupiah Special Purpose Non-Resident Account, hereinafter referred to as Rupiah SNA, , means a special account owned by Thailand ACCD Bank in Rupiah currency opened at Indonesia ACCD Bank for the purpose of implementing Rupiah and Baht LCS.
7. Rupiah Sub-Special Purpose Non-Resident Account, hereinafter referred to as Rupiah Sub-SNA, is a special account owned by Thailand LCS customers in Rupiah currency opened at Thailand ACCD Bank for the purpose of implementing Rupiah and Baht LCS.
8. Bath Special Purpose Non-Resident Account, hereinafter is referred to as Baht SNA, is a special account owned by Indonesian ACCD Bank in Baht currency opened opened at Thailand ACCD Bank for the purpose of implementing Rupiah and Bath LCS.
9. Bath Sub-Special Purpose Non-Resident Account, hereinafter is referred to as Baht Sub-SNA, means a special account owned by Indonesia LCS customers in Baht currency opened at Indonesian ACCD Bank for the purpose of implement Rupiah and Baht LCS.
10. Underlying Transaction means all economic activities that underlie of Rupiah and Baht LCS.

11. Financing means financing provided by ACCD Bank to LCS customers in Indonesia and Thailand.
12. Indonesia LCS Customer means a party who conducts Underlying Transactions with Thailand LCS customers.
13. Thailand LCS Customer means a party who conducts Underlying Transactions with Indonesian LCS Customers.
14. Financial Transaction means a transaction of rupiah or foreign currency against baht.
15. Corporate Action means merger, consolidation, spinoff, and/or integration.
16. Merger means a legal act carried out by one or more bank to merge with another existing bank, resulting in the assets, liabilities, and equity of the merging bank being transferred by law to the bank accepting the merger, and subsequently the legal entity status of the merging bank ending by law.
17. Consolidation means a legal act carried out by which two or more banks to consolidate by establishing a new bank which by law obtains the assets, liabilities, and equity of the consolidating banks and the legal entity status of the consolidating banks must end by law.
18. Separation means a legal act carried out by a Bank to separate a business which results in all of the Bank's assets, liabilities, and equity being transferred by law to two or more Banks or some of the Bank's assets, liabilities and equity being transferred by law to one or more Banks.
19. Integration means a legal act carried out by a foreign Bank branch office and a Bank by legally transferring the assets and/or liabilities of the foreign bank branch office to the Bank, and then repeal of license of the foreign bank branch office.
20. Day means a business day.

CHAPTER II INDONESIAN ACCD BANK

Part One

Criteria for Appointment of Indonesian ACCD Bank

Article 2

The appointment of a Bank as an Indonesian ACCD Bank by Bank Indonesia is carried out by considering the following criteria:

- a. soundness condition of the Bank;
- b. Bank's ability to facilitate financial activities and
- c. Financial Transactions between Indonesia and Thailand;
Bank's ability to establish business relations with
banks in Thailand; and
- d. criteria set by Bank Indonesia and Bank of Thailand.

Part Two
Indonesian ACCD Bank Appointment Mechanism

Article 3

- (1) The mechanism for appointing a Bank as an Indonesian ACCD Bank by Bank Indonesia and the Bank of Thailand be at least as follows:
 - a) the prospective ACCD Bank of Indonesia submits an application letter to Bank Indonesia and Bank of Thailand, as the example set out in Appendix I which is an integral part integral part of this Regulation of the Member of Board of Governors;
 - b) Bank Indonesia and Bank of Thailand process applications from prospective Indonesian ACCD Banks; and
 - c) Bank Indonesia and Bank of Thailand give their approval to appoint the Bank as Indonesia's ACCD Bank.
- (2) The application from the prospective Indonesian ACCD Bank to Bank Indonesia and the Bank on Thailand as referred to in section (1) point a at least contain a statement of interest and readiness to become an Indonesian ACCD Bank accompanied by information regarding prospective Indonesian ACCD Bank partners in Thailand.

CHAPTER III
FINANCIAL ACTIVITIES FOR THE PURPOSES OF LCS
IMPLEMENTATION

Part One
Opening of Rupiah SNA and Baht SNA

Article 4

- (1) Indonesian ACCD Bank accepts the opening of Rupiah SNA from Thailand ACCD Bank.
- (2) (Indonesian ACCD Bank may only accept the opening of 1 (one) Rupiah SNA from each Thailand ACCD Bank (one-to-many relationship).

Article 5

- (1) Indonesian ACCD Bank opens Baht SNA at Thailand ACCD Bank.
- (2) Indonesian ACCD Bank may only open 1 (one) Baht SNA at each Thailand ACCD Bank (one-to-many relationship).

Article 6

- (1) The aggregate balance of Rupiah SNA from each Thailand ACCD Bank in Indonesian ACCD Bank is limited to a maximum of Rp400,000,000,000.00 (four hundred billion rupiah) at the end of the Day.

- (2) Indonesian ACCD Bank monitor and ensure that the Rupiah SNA balance does not exceed the nominal amount as referred to in section (1) at the end of the Day.
- (3) The Rupiah SNA balance may exceed the nominal amount as referred to in section (1) at the end of the Day as long as Indonesian ACCD Bank receives documents from Thailand ACCD Bank proving that the excess Rupiah SNA balance will be used to pay the following obligations:
 - a. Underlying Transactions between Indonesia and Thailand; or
 - b. investment in financial instruments in rupiah, on the following Day.

Article 7

- (1) Indonesian ACCD Bank is required to maintain an aggregate balance of Baht SNA at Thailand ACCD Bank of a maximum of THB1,000,000,000 (one billion baht) at the end of the Day.
- (2) If the Baht SNA balance at the end of the Day exceeds the nominal amount as referred to in section (1), the following actions may be taken regarding the excess Baht SNA balance:
 - a. sold to the Bank of Thailand at a special exchange rate determined by the Bank of Thailand; or
 - b. used for:
 - 1) Underlying Transactions between Indonesia and Thailand; or
 - 2) investment in financial instruments in baht, on the following Day.
- (3) In the event that the excess Baht SNA balance is used for the purposes referred to in section (2) point b, this activity is carried out after obtaining approval from the Bank of Thailand.
- (4) To obtain approval from the Bank of Thailand as referred to in section (3), Indonesian ACCD Bank must submit an application along with supporting documents to the Bank of Thailand through Thailand ACCD Bank which is a partner of Indonesian ACCD Bank.
- (5) The supporting documents as referred to in section (4) explain that the excess Baht SNA balance is used for the purposes as referred to in section (2) point b.
- (6) The application as referred to in section (4) is received by the Bank of Thailand no later than 16.30 Bangkok time on the Day the excess Baht SNA balance occurs.

Part Two
Opening of Baht Sub-SNA

Article 8

- (1) Indonesian ACCD Bank shall accept the opening of Baht Sub-SNA for Indonesian LCS Customers for the purpose of implementing Rupiah and Baht LCS.
- (2) Indonesian ACCD Bank may not accept the opening of Baht Sub-SNA for non-Indonesian ACCD Bank or other parties other than Indonesia LCS Customers.
- (3) Indonesian ACCD Bank shall provide interest for Baht Sub-SNA.
- (4) The provision of interest on Baht Sub-SNA as referred to in section (3) shall be determined according to the policies of each Indonesian ACCD Bank. a partner of Indonesian ACCD Bank.

Part Three
Baht SNA Balance Management

Article 9

- (1) For the purpose of managing Baht SNA balances, Indonesian ACCD Bank may carry out transactions including:
 - a. investments in financial instruments in baht in Thailand;
 - b. baht swap transactions against rupiah or foreign currency with other Indonesian ACCD Banks and/or with Thailand ACCD Banks; and/or
 - c. conversion from baht to rupiah or other foreign currencies through spot and/or forward transactions.
- (2) Investments as referred to in section (1) point a , are prohibited in the form of placement in banks in Thailand in the form of:
 - a. deposit;
 - b. savings;
 - c. certificate of term deposit; or
 - d. other equated forms.
- (3) In the event that Indonesian ACCD Bank invests in financial instruments in baht in Thailand, the principal and proceeds of such investment may be transferred back to Baht SNA.

Article 10

- (1) The gross position of baht swap transactions against rupiah or foreign currencies conducted between Indonesian ACCD Bank and other Indonesian ACCD Bank or\Thailand ACCD Bank is prohibited to exceed THB1,000,000,000 (one billion baht) at the end of the Day.
- (2) In conducting rupiah swap transactions against baht or foreign currency with Thailand ACCD Bank, Indonesian ACCD Bank

shall ensure that the gross position of the transaction may not exceed Rp400,000,000,000.00 (four hundred billion rupiah).

Part Four
Management of Baht Sub-SNA Balance and Rupiah Sub-SNA
Balance

Paragraph 1
Baht Sub-SNA Balance Management

Article 11

- (1) For the purpose of managing the Baht Sub-SNA balance, Indonesian LCS Customers may invest in financial instruments in baht in Thailand except in the form of:
 - a. deposit;
 - b. savings;
 - c. certificate of term deposit; or
 - d. other equated forms.
- (2) The principal and investment results as referred to in section (1) may not be transferred back to the Baht Sub-SNA belonging to Indonesian LCS Customer.
- (3) Indonesian LCS Customer who are importers may not invest in Baht Sub-SNA balances.
- (4) Indonesian ACCD Bank shall be prohibited from executing investment orders on the Baht Sub-SNA balances belonging to importers in Indonesia

Article 12

- (1) Indonesian LCS customers may not make deposits and withdrawals in cash in Baht at Baht Sub-SNA.
- (2) Indonesian ACCD Bank shall be prohibited from executing deposit and withdrawal orders in cash in Baht at the Baht Sub-SNA as referred to in section (1).

Paragraph 2
Baht Sub-SNA Balance Addition

Article 1

The addition of Baht Sub-SNA balance of Indonesian LCS Customers shall only come from:

- a. receipt from Thailand LCS Customer for settlement of Underlying Transaction;
- b. purchase of baht against rupiah or foreign currency through today, tomorrow, spot, forward, and/or swap transactions for settlement of Underlying Transactions;
- c. receipt of interest on the Baht Sub-SNA balance; and/or
- d. receipt of disbursement of funds from trade financing and/or direct investment financing in baht received by Indonesian LCS Customers from Indonesian ACCD Bank.

Paragraph 3
Baht Sub-SNA Balance Reduction

Article 14

Reductions in the Baht Sub-SNA balance of Indonesian LCS

Customers shall only come from:

- a. payments to Thailand LCS Customers for the purpose of settling the Underlying Transaction;
- b. sales of baht against rupiah or foreign currency through today, tomorrow, spot, forward, and/or swap transactions from export proceeds in baht;
- c. settlement of trade financing and/or direct investment financing in baht received by Indonesian LCS Customers from Indonesian ACCD Bank; and/or
- d. transfer for the investment interests of Indonesian LCS Customers in financial instruments in baht in Thailand.

Paragraph 4
Rupiah Sub-SNA Balance Management

Article 15

- (1) For the purpose of managing the Rupiah Sub-SNA balance, Thailand LCS Customers may invest in financial instruments in Rupiah in Indonesia, except in the form of:
 - a. term deposit;
 - b. savings;
 - c. certificate of term deposit; or
 - d. other similar forms.
- (2) The investment as referred to in section (1) shall be carried out by Indonesian ACCD Bank according to orders Thailand LCS Customers via Thailand ACCD Bank.
- (3) The principal and investment results as referred to in section (1) may be transferred back to the Rupiah Sub-SNA belonging to Thailand LCS Customer.

Article 16

Cash deposits and withdrawals of Rupiah at Rupiah Sub-SNA may not be made in Thailand.

Part Five
Fund Transfer

Article 17

- (1) Indonesian ACCD Bank may make rupiah transfers as follows:
 - a. between Rupiah SNA; and/or

- b. from Rupiah SNA to non-Rupiah SNA both at ACCD Banks and non-ACCD Banks.
- (2) Rupiah transfers as referred to in section (1) shall be carried out only for the purposes of settling transactions within the framework of the Rupiah and Baht LCS.

Article 18

- (1) Indonesian ACCD Bank may make baht transfers as follows:
 - a. between Baht SNA; and/or
 - b. from Baht SNA to non-Baht SNA at both ACCD Banks and non-ACCD Banks.
- (2) Baht transfers as referred to in section (1) shall be carried out only for the purposes of settling transactions within the framework of the Rupiah and Baht LCS.

Article 19

Indonesian ACCD Bank may make transfers between Baht Sub-SNA owned by the same Indonesian LCS Customer.

Article 20

For the purposes of implementing the Rupiah and Baht LCS, Banks that receive Rupiah funds from:

- a. Thailand ACCD Bank; or
 - b. Indonesian ACCD Bank,
- which are for rupiah accounts belonging to non-Thailand ACCD Bank, must be according to the Underlying Transaction.

Part Six Six Financing

Article 21

- (1) Indonesian ACCD Bank may provide financing in baht to Indonesian LCS Customers.
- (2) Financing as referred to in section (1) may be in the form of:
 - a. trade financing; and/or
 - b. direct investment financing.
- (3) The financing as referred to in section (2) has the following Underlying Transactions:
 - a. Underlying Transactions for trade Financing includes all trade activities in goods and services; and
 - b. Underlying Transactions for Direct investment Financing includes all direct investment activities.
- (4) Provision of funds in baht for Financing as referred to in section (1) shall be carried out through:
 - a. Rupiah or foreign currency transactions against Baht through swap transactions with other Indonesian ACCD Banks and/or Thailand ACCD Banks; and/or
 - b. direct borrowing in baht from other Indonesian ACCD Banks and/or Thailand ACCD Banks.

Article 22

- (1) Financing provided in baht as referred to in Article 21 may use Underlying Transaction documents denominated in currencies other than baht.
- (2) Financing that uses Underlying Transactions in currencies other than baht as referred to in section (1) shall be stated in baht equivalents and paid in baht.

Article 23

For the purpose of providing financing facilities in Rupiah by Thailand ACCD Bank to Thailand LCS Customers, Indonesian ACCD Bank may carry out:

- a. baht or foreign exchange transactions against rupiah through swap transactions with Thailand ACCD Bank; and/or
- b. placement in rupiah to Thailand ACCD Bank.

Article 24

- (1) Direct borrowing as referred to in Article 21 section (4) point b is required to have an Underlying Transaction which shall be proven by a Financing provision document.
- (2) The amount of direct borrowing as referred to in Article 21 section (4) point b and placement in rupiah as referred to in Article 23 point b must not exceed the nominal amount of the Underlying Transaction.
- (3) The direct borrowing period as referred to in Article 21 section (4) point b and placement in rupiah as referred to in Article 23 point b must not exceed the Underlying Transaction period and must not exceed a period of 1 (one) year.
- (4) Indonesian ACCD Bank must monitor the nominal amount and term of
 - a. direct borrowing as referred to in Article 21 section point b; and
 - b. placement in rupiah as referred to in Article 23 point b, does not exceed the nominal amount of the Underlying Transaction, the term of the Underlying Transaction, and a term of 1 (one) year.

CHAPTER IV
INDONESIAN ACCD BANK FINANCIAL TRANSACTIONS

Part One
Rupiah to Baht Transactions

Article 25

- (1) For the purpose of implementing the Rupiah and Baht LCS, Indonesian ACCD Bank may carry out rupiah transactions against baht in the form of:
 - a. spot transaction;
 - b. forward transaction;
 - c. swap transaction; and/or
 - d. transactions determined according to an agreement between Bank Indonesia and the Bank of Thailand
- (2) Rupiah transaction against baht as referred to in section (1) maybe carried out by Indonesian ACCD with:another Indonesian ACCD Bank
 - a. Thailand ACCD Bank;
 - b. Indonesian LCS Customers;
 - c. non-Indonesian ACCD Bank acting in the interests of Indonesian LCS Customers for the purposes of squaring position; and/or
 - d. non-Thailand ACCD Bank for the purposes of squaring position.

Paragraph 1

Rupiah to Baht Transactions Between ACCD Banks

Article 26

- (1) Indonesian ACCD Bank may carry out rupiah transactions against baht as referred to in Article 25 section (1) with:
 - a. another Indonesian ACCD Bank; and/or
 - b. Thailand ACCD Bank,for the purposes of implementing liquidity management.
- (2) Rupiah transactions against baht carried out for the purposes of activities as referred to in section (1) may be carried out without an Underlying Transaction.

Paragraph 2

Rupiah to Baht Transactions between Indonesian ACCD Bank
and Indonesian LCS Customers

Article 27

- (1) Indonesian ACCD Bank may carry out rupiah transactions against baht as referred to in Article 25 section (1) with:
 - a. Indonesian LCS Customers; or
 - b. non-Indonesian ACCD Bank acting in the interests of Indonesian LCS Customers.

- (2) Rupiah transactions against baht as referred to in section (1) in the form of spot and forward with a nominal value above or equal to the equivalent of USD200,000 (two hundred thousand United States dollars) per transaction shall be proven with an Underlying Transaction document.
- (3) The nominal and term of the rupiah transaction against the baht as referred to in section (1) must not exceed the nominal and term of the Underlying Transaction.
- (4) Indonesia LCS customers may carry out rupiah transactions
- (5) Against baht as referred to in section (1) by using Underlying Transactions in currencies other than baht.

Part Two Squaring Position

Article 28

- (1) Indonesian ACCD Bank may carry out rupiah transactions against baht as referred to in Article 25 section (1) with:
 - a. another Indonesian ACCD Bank;
 - b. Thailand ACCD Bank;
 - c. non-Indonesian ACCD Bank acting in the interests of Indonesia LCS Customers; and/or
 - d. non-Thailand ACCD Bank according to Underlying Transactions conducted by Indonesian LCS Customers, for the purpose of squaring position implementation.

Article 29

- (1) For the implementation of squaring position from Thailand ACCD Bank, Indonesian ACCD Bank may carry out baht transactions against rupiah in the form of:
 - a. spot transactions;
 - b. forward transactions; and/or
 - c. swap transactions.
- (2) Indonesian ACCD Bank may carry out transactions for the implementation of squaring position from Thailand ACCD Bank as referred to in section (1) in the following mean:
 - a. net basis; or
 - b. gross basis.
- (3) The implementation of squaring position as referred to in section (1) shall be carried out without Underlying Transaction documents.

Part Three Adjustment of Financial Transaction Settlement

Article 30

- (1) Rupiah transactions against baht as referred to in Article 25 section (1) may be adjusted in the following manner:
 - a. transaction extension;

- b. acceleration of transaction settlement; and/or
 - c. termination of transaction.
- (2) Transaction adjustments as referred to in section (1) may be made by transferring principal funds by way of netting.
 - (3) examples of transaction adjustments as referred to in section (1) shall be as listed in Annex II which constitutes an integral part of this Regulation of Member of Board of Governors.

Article 31

- (1) Extension of transactions, acceleration of transaction settlement, and/or termination of transactions as referred to in Article 30 section (1) may be carried out without Underlying Transaction documents.
- (2) The transaction nominal for adjustment in the form of:
 - a. transaction extension;
 - b. acceleration of transaction settlement; and/or
 - c. termination of transaction,
 shall be carried out at most in the amount of the initial Underlying Transaction nominal.
- (3) The transaction period for adjustments in the form of:
 - a. transaction extension;
 - b. acceleration of transaction settlement; and/or
 - c. termination of transaction, shall be carried out in accordance with the initial Underlying Transaction period.
- (4) Extension of transactions, acceleration of transaction settlement, and/or termination of transactions carried out by Indonesian ACCD Bank as referred to in section (1), must be carried out with Thailand ACCD Bank or the same non-Thailand ACCD Bank in accordance with the initial transaction contract.

Part Four

Settlement of Rupiah Transactions against Baht

Article 32

- (1) Settlement of rupiah transactions against baht carried out by Indonesian ACCD Bank with:
 - a. Other Indonesian ACCD banks as referred to in Article 26 section (1) point a; and
 - b. Indonesian LCS Customers as referred to in Article 27 section (1) point a, or through netting.
- (2) Settlement of rupiah transactions against baht carried out by Indonesian ACCD Bank with non-Indonesian ACCD Bank as referred to in Article 27 section (1) point b shall be carried out through the transfer of principal funds in full (gross).

CHAPTER V OPEN POSITIONS OF BAHT TRANSACTIONS

Article 33

- (1) Indonesian ACCD Bank may have an open position in baht transactions against rupiah and/or foreign currencies of up to THB200,000,000 (two hundred million baht) at the end of the Day.
- (2) The open position of baht transactions against the rupiah and/or foreign currencies is the net difference between outright purchases and sales of baht against the rupiah and/or foreign currencies from today, tomorrow, spot, and/or forward transactions.
- (3) Example of calculation of open position of baht transaction against rupiah and/or foreign exchange as referred to in paragraph (1) and paragraph (2) are set out in Appendix III which is an integral part of integral part of this Regulation of Member of the Board of Governors.

CHAPTER VI NON-DELIVERABLE FORWARD TRANSACTIONS

Article 34

Indonesian ACCD Bank shall be prohibited from conducting non-deliverable forward (NDF) transactions of rupiah against baht as regulated in Bank Indonesia's provisions regarding domestic non-deliverable forward (DNDF).

CHAPTER VII UNDERLYING TRANSACTION

Part One Underlying Transaction Type

Article 35

Underlying Transactions for the purposes of implementing Rupiah and Baht LCS shall include:

- a. Current transactions between Indonesian LCS Customers and Thailand LCS Customers which include:
 - 1) all trade activities in goods and services between Indonesia and Thailand;
 - 2) all primary income transactions including:
 - a) transactions for receipt and payment of labor compensation; and
 - b) investment income from:
 - 1) direct investment;
 - 2) portfolio investment; and/or
 - 3) other investments;

- 3) all secondary income transactions including:
 - a) government sector receipts and payments;
 - b) receipts and payments of other sectors including remittances; and
 - c) other similar transactions, but does not include grants, gifts, donations, and/or the like;
- b. all direct investment activities between Indonesian LCS Customers and Thailand LCS Customers in the form of:
 1. investment between Indonesian LCS Customers and Thailand LCS Customers, with a minimum equity ownership limit of 10% (ten percent);
 2. intercompany loans within the same group; or
 3. capital expenditure by Indonesian LCS Customers on entities in Thailand or projects in Thailand according to an agreement, with a contribution of at least 10% (ten percent) of the project costs; and
- c. Other Underlying Transactions.

Part Two Underlying Transaction Documents

Article 36

- (1) Underlying Transaction Documents may be in the form of:
 - a. Final Underlying Transaction documents which; or
 - b. Estimated Underlying Transaction documents.
- (2) Details of the Underlying Transaction documents as referred to in section (1) shall be as listed in Annex IV which constitutes an integral part of this Regulation of Member of Board of Governors.

Article 37

- (1) Estimated Underlying Transaction documents as referred to in Article 36 section (1) point b shall only be permitted for current transactions.
- (2) Calculation of estimated Underlying Transactions as referred to in section (1) shall be carried out according to receipts or payments of current transactions for a maximum period of 1 (one) year.
- (3) The transaction period using the estimated Underlying Transaction documents as referred to in section (1) cannot exceed 1 (one) year from the date of the transaction.
- (4) The nominal transaction using the estimated Underlying Transaction documents as referred to in section (1) may not exceed the nominal estimated receipt or payment requirements for the current transaction.
- (5) Estimated Underlying Transaction documents as referred to in section (1) must be calculated on a gross basis or net basis.

Part Three
Underlying Transaction Documents for
Rupiah to Baht Transactions

Article 38

- (1) Rupiah to baht spot transactions between Indonesian ACCD Bank and:
 - a. Indonesian LCS Customers; or
 - b. non-Indonesian ACCD Bank acting in the interests of Indonesian LCS Customers, as referred to in Article 27, must be proven with a final Underlying Transaction document.
- (2) Rupiah to baht transactions in the form of forwards and swaps between Indonesian n Bank and:
 - a. Indonesian LCS Customers; or
 - b. non-Indonesian ACCD Bank acting in the interests of Indonesian LCS Customers, as referred to in Article 27, must be supported by a final Underlying Transaction document or an estimated Underlying Transaction document.
- (3) Final or estimated Underlying Transaction documents as referred to in section (1) and section (2) are required to be received by Indonesian ACCD Bank no later than the settlement dat).

Part Four
Underlying Transaction Documents for Financing

Article 39

- (1) Financing provided by Indonesian ACCD Bank as referred to in Article 21 is required to be proven by a final Underlying Transaction document from Indonesian LCS Customer.
- (2) Indonesian ACCD Bank must ensure that the final Underlying Transaction documents as referred to in section (1) are in accordance with the Financing objectives.

CHAPTER VIII
CROSS BORDER PAYMENT

Article 40

- (1) Underlying Transactions as referred to in Article 35 point a are required to include ongoing transaction activities carried out through cross-border payments.
- (2) Payment system organizers who provide cross-border payment facilities as referred to in section (1) shall use Indonesian ACCD Bank to carry out:
 - a. opening of Baht Sub-SNA; and

- b. making of baht transactions against rupiah.

CHAPTER IX PRICE QUOTATION

Article 41

- (1) In carrying out spot and/or forward transactions as referred to in Article 9 section (1) point c, Article 25 section (1) point a and point b, and Article 29 section (1) point a and point b, Indonesian ACCD Bank must publish and display baht price quotations against the rupiah on information provider facilities.
- (2) Baht price quotations against the rupiah must be published and displayed on information provider facilities at least once a Day.
- (3) The determination of price quotations as referred to in section (1) must:
 - a. reflect fair prices occurring in the foreign exchange market; and
 - b. be able to be transacted or executed.
- (4) Indonesian ACCD Bank must use the price quotation as referred to in section (1) as a reference in carrying out baht transactions against the rupiah.

CHAPTER X EVALUATION AND TERMINATION OF APPOINTMENT OF INDONESIAN ACCD BANK

Article 42

- (1) Bank Indonesia may terminate the Bank's appointment as Indonesian ACCD Bank.
- (2) Termination of the Bank's appointment as an Indonesian ACCD Bank as referred to in section (1) shall be carried out:
 - a. according to the evaluation results of Bank Indonesia in coordination with the Bank of Thailand;
 - b. in the event that Indonesian ACCD Bank's business license is revoked by the authorized authority;
 - c. in the event that Indonesian ACCD Bank carries out a Corporate Action and Indonesian ACCD Bank is not a Bank resulting from the Corporate Action; or not a Bank resulting from the Corporate Action; or
 - d. according to the request of Indonesian ACCD Bank itself.
- (3) Indonesian ACCD Bank which:
 - a. plan to carry out Corporate Action as referred to in section (2) point c; or
 - b. is in the process of repeal of license as referred to in section (2) point b,is required to submit a notification point to Bank Indonesia accompanied by the results of the general meeting of shareholders regarding the plan to revoke a business license or Corporate Action plan.

- (4) In the event that Indonesian ACCD Bank:
 - a. has obtained permission, approval, or recommendation from the authorities to:
 - 1. undertake Corporate Action; or
 - 2. revocation of business license on one's own initiative (self-liquidation); or
 - b. has had its business license revoked according to the results of the authorized supervisor Indonesian ACCD Bank must submit a decision point regarding Corporate Action or revocation of business license from the authorities to Bank Indonesia.
- (5) In the event that the Bank resulting from the Corporate Action is not Indonesian ACCD Bank and intends to become an Indonesian ACCD Bank, the Bank is required to fulfill the criteria as an Indonesian ACCD Bank referred to in Article 2 and submit an application for appointment an Indonesian ACCD Bank referred to in Article 3 section (2).
- (6) An example of a written notification point referred to in section (3) shall be listed in Annex V which constitutes an integral part of this Regulation of Member of Board of Governors.

Article 43

- (1) The evaluation of Indonesian ACCD Bank referred to in Article 42 section (2) point a shall be carried out by Bank Indonesia in coordination with the Bank of Thailand.
- (2) The evaluation as referred to in section (1) shall be carried out by taking into account the business development of Indonesian ACCD Bank for the purposes of implementing the Rupiah and Baht LCS and Indonesian ACCD Bank's compliance with Bank Indonesia's provisions regarding the settlement of bilateral transactions using local currency through the Bank.

Article 44

- (1) Bank Indonesia shall notify in writing the termination of the Bank's appointment as an Indonesian ACCD Bank to Indonesian ACCD Bank according to the considerations as referred to in Article 42 section (2).
- (2) Indonesian ACCD Bank which has received a notification point regarding the termination of its appointment as Indonesian ACCD Bank, may not carry out financial activities and transactions for the purposes of implementing the Rupiah and Baht LCS.
- (3) Indonesian ACCD Bank, which has received a notification point regarding the termination of its appointment as Indonesian ACCD Bank, must immediately notify its customers regarding:
 - a. termination of the Bank's activities as Indonesian ACCD Bank; and
 - b. mechanism for resolving customer rights and obligations related to:

1. closure of the Baht SNA and/or Baht Sub-SNA;
2. Financing settlement; and
3. matters related to Bank transactions with Indonesian LCS Customers for the purposes of implementing Rupiah and Baht LCS.

CHAPTER XI REPORTING PROCEDURES

Part One Preparation of Reports

Article 45

Indonesian ACCD Bank must prepare and submit periodic reports related to the implementation of the Rupiah and Baht LCS to Bank Indonesia.

Article 46

- (1) Periodic reports referred to in Article 45 shall include the following forms:
 - a. foreign exchange transactions;
 - b. open positions of baht transactions on Baht SNA;
 - c. Baht SNA balance position;
 - d. fund transfer;
 - e. Baht Sub-SNA balance and statement positions;
 - f. Financing position; and
 - g. Rupiah SNA balance and statement.
- (2) The report referred to in section (1) shall be data for 1 (one) reporting period, namely from the 1st to the end of the month in question.

Article 47

The preparation and submission of periodic reports as referred to in Article 46 section (1) shall refer to Annex VI which constitutes an integral part of this Regulation of Member of Board of Governors.

Article 48

- (1) Periodic reports referred to in Article 46 shall be prepared and combined in 1 (one) file set out in the format in Annex VI.
- (2) In the event that there are no transactions and/or positions for each form referred to in Article 46 in 1 (one) reporting period, the report shall still be submitted in the form of a header.

Part Two Report Correction

Article 49

- (1) In the event that there is an error in the report that has been submitted by Indonesian ACCD Bank to Bank Indonesia,

Indonesian ACCD Bank is required to submit a correction to the error in the report.

- (2) Corrections to the report as referred to in section (1) shall be submitted in 1 (one) file as referred to in Article 48 section (1).

Part Three Submission Report

Article 50

- (1) The report as referred to in Article 45 and/or corrections to the report as referred to in Article 49 shall be submitted to Bank Indonesia no later than the 14th of the following month.
- (2) In the event that the 14th as referred to in section (1) falls on a Saturday, Sunday, or national holiday determined by the government, the report and/or report corrections shall be submitted on the following Day.
- (3) Submission of reports and/or report corrections as referred to in section (1) shall be made no later than 16.00 WIB.
- (4) In the event that there is an error in Indonesian ACCD Bank report after the time limit as referred to in section (1) to section (3), Indonesian ACCD Bank must still submit a correction to the report.

Part Four Technical Disruptions and Force Majeure Paragraph 1 Technical Error

Article 51

- (1) In the event that Indonesian ACCD Bank experiences technical errors in submitting reports, Indonesian ACCD Bank shall immediately submit a written notification to Bank Indonesia accompanied by supporting evidence.
- (2) In the event that Indonesian ACCD Bank experiences technical errors in submitting reports and/or report corrections on the date of the report submission deadline, the report and/or report corrections shall be submitted on the following Day after the technical errors have been resolved.
- (3) Indonesian ACCD Bank shall be stated to have submitted the report and/or report correction on the date of receipt of the report and/or report correction after receiving notification from Bank Indonesia through electronic mail.

Paragraph 2 Force Majeure

Article 52

- (1) In the event that Indonesian ACCD Bank experiences force majeure in submitting a report, Indonesian ACCD Bank must

immediately submit a written notification to Bank Indonesia accompanied by supporting evidence.

- (2) The obligation to submit reports as referred to in Article 45 and/or corrections to reports as referred to in Article 49 and submission of reports after technical errors as referred to in Article 51 section (2) shall be exempted for Indonesian ACCD Bank which experiences force majeure.
- (3) Indonesian ACCD Bank which experiences force majeure as referred to in section (2) shall submit a report and/or report corrections no later than 5 (five) Days after Indonesian ACCD Bank returns to normal operational activities.

Part Five Report Assessment

Article 53

- (1) Indonesian ACCD Bank shall be deemed to have submitted an incomplete report and/or report corrections, if Indonesian ACCD Bank does not submit the entire report as referred to in Article 46 section (1) and/or report corrections as referred to in Article 49 by the deadline as referred to in Article 50, Article 51 section (2), or Article 52 section (3).
- (2) Indonesian ACCD Bank shall be deemed not to have submitted a report and/or report correction if Bank Indonesia has not received the report and/or report correction by the deadline as referred to in Article 50, Article 51 section (2), or Article 52 section (3).

CHAPTER XII CORRESPONDENCE

Article 54

- (1) The address for correspondence related to the appointment of Indonesian ACCD Bank, the implementation of the Rupiah and Baht LCS, and the termination of the appointment of Indonesian ACCD Bank should be sent to: Financial Market Development Department of Bank Indonesia
MH Thamrin Street Number 2 Central Jakarta – 10350
Email: DPPK-APValas@bi.go.id and
DPPK-PP@bi.go.id
- (2) The address for correspondence related to reporting should be addressed to:
Bank Indonesia Report Management and Compliance Department
MH Thamrin Street Number 2 Central Jakarta – 10350
Email: lapor_accd@bi.go.id
- (3) Reports and/or report corrections shall be submitted offline if the online reporting system is not yet available.

- (4) Online reporting must comply with Bank Indonesia's provisions regarding integrated general bank reports.
- (5) In the event of a change in correspondence address as referred to in section (1) and/or section (2), Bank Indonesia shall inform the change in address by point and/or other media.

CHAPTER XIII PROCEDURES FOR IMPOSING SANCTIONS

Article 55

- (1) Bank Indonesia shall impose a sanction in the form of a written reprimand to Indonesian ACCD Bank which violated the provisions in Bank Indonesia Regulation regarding the settlement of bilateral transactions using local currency through banks.
- (2) The written reprimand as referred to in section (1) shall be delivered by point with a copy forwarded to the relevant authorities.

CHAPTER XIV CLOSING PROVISIONS

Article 56

At the time this Regulation of Member of Board of Governors comes into force, Regulation of the Member of Board of Governors Number 19/11/PADG/2017 on Settlement for Bilateral Trade Transactions between Indonesia and Thailand Using Rupiah and Baht Through Banks, is repealed and declared invalid.

Article 57

This Regulation of Member of Board of Governors comes into force on the date of its establishment.

In order that every person may know thereof, it is hereby ordered that this Regulation of Members of Board of Governors is promulgated in Bulletin Gazette of the Republic of Indonesia.

Issued in Jakarta
on 17 December 2020
MEMBER OF BOARD OF GOVERNORS,

Signed

DESTRY DAMAYANTI

ELUCIDATION
REGULATION OF MEMBER OF BOARD OF GOVERNORS
NUMBER 22/34/PADG/2020 OF 2020
ON
SETTLEMENT FOR BILATERAL TRANSACTIONS BETWEEN
INDONESIA AND THAILAND USING RUPIAH
AND BAHT THROUGH BANK

I. GENERAL

Bank Indonesia and the Bank of Thailand have reached an agreement to promote the use of rupiah and baht for bilateral transaction settlements between Indonesia and Thailand. This is part of an effort to reduce dependence on certain currencies, expected to support Bank Indonesia's implementation of its duties in maintaining exchange rate stability.

In order to support the implementation of the agreement, Bank Indonesia has issued Bank Indonesia Regulation Number 22/12/PBI/2020 on the Settlement for Bilateral Transactions Using Local Currency Through Banks.

As a guideline for implementing these provisions, regulations are required to regulate the implementation of financial activities and transactions through the Rupiah and Baht LCS scheme.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Sufficiently clear.

Article 3

Sufficiently clear.

Article 4

Section 1

Sufficiently clear.

Section (2)

Example:

Bank A, an Indonesian ACCD Bank, may accept the opening of 1 (one) Rupiah SNA each from Bank B and 1 (one) Rupiah SNA from Bank C, both of which are Thailand ACCD Banks.

Article 5

Section (1)

Sufficiently clear.

Section (2)

Example:

Bank X, which is an Indonesian ACCD Bank, may open 1 (one) Baht SNA at Bank Y and 1 (one) Baht SNA at Bank Z, both of which are Thailand ACCD Banks.

Article 6

Section (1)

Example:

Bank X, which is a Thailand ACCD Bank, may open a Rupiah SNA at Bank A, Bank B, and Bank C, all three of which are Indonesian ACCD Banks, with an aggregate balance at Bank A, Bank B, and Bank C of a maximum of Rp400,000,000,000.00 (four hundred billion rupiah) at the end of the Day.

Section (2)

Sufficiently clear

Section (3)

Example:

Bank X, which is a Thailand ACCD Bank, has a Rupiah SNA at Bank A, which is an Indonesian ACCD Bank. At the end of the Day on 1 November 2020, Bank X's Rupiah SNA balance at Bank A totaled Rp500,000,000,000.00 (five hundred billion rupiah). The Rupiah SNA balance may exceed the limit of Rp400,000,000,000.00 (four hundred billion rupiah) as long as Bank X submits documents to Bank A which will carry out the transaction when the Rupiah SNA balance exceeds the limit with information that the excess balance will be used for:

- payment of import obligations to exporter Indonesia;
- making direct investments; or
- making investments in financial instruments in rupiah, on the following Day.

Article 7

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

The application along with supporting documents shall be submitted through Thailand ACCD Bank, which is a partner of Indonesian ACCD Bank, of which Baht SNA balance exceeds THB1,000,000,000 (one billion baht) at the end of the Day.

Example:

On 1 November 2020, Bank A, which is an Indonesian ACCD Bank, has a Baht SNA balance at Bank X, which is a Thailand ACCD Bank, of THB1,200,000,000 (one billion two hundred million baht) at the end of the Day. Therefore, Bank A must submit an application along with supporting documents to the Bank of Thailand through Bank X explaining that the excess Baht SNA balance of THB200,000,000 (two hundred million baht) will be used for:

- a. Underlying Transactions between Indonesia and Thailand; or
- b. investment in financial instruments in baht, on the following Day.

Article 8

Sufficiently clear.

Article 9

Section (1)

Point a

Example:

To manage the Baht SNA Balance, Bank A, which is an Indonesian ACCD Bank, purchases government bonds or Thai government securities amounting of THB1,000,000 (one million baht).

Point b

Example:

To manage the Baht SNA Balance, Bank A, an Indonesian ACCD Bank, makes a THB/Rp or THB/USD swap transaction of THB1,000,000 (one million baht) with Bank B, an Indonesian ACCD Bank or with Bank X, a Thailand ACCD Bank.

Point c

Spot transactions include today and tomorrow.

Example:

To manage the Baht SNA Balance, Bank C, an Indonesian ACCD Bank, converts baht to rupiah

amounting to THB1,000,000 (one million baht) through a spot transaction.

Section (2)

Sufficiently clear.

Section (3)

Example:

Bank A, an Indonesian ACCD Bank, invested in Thai government securities amounting to THB30,000,000 (thirty million baht) with a coupon of 3% (three percent) per year.

according to the investment, when the coupon payment period falls, Bank A receives a quarterly coupon of THB225,000 (two hundred and twenty-five thousand baht). The receipt of the coupon may be transferred to Bank A's Baht SNA account.

Article 10

Section (1)

Example:

Bank A an Indonesian ACCD Bank, carries out a THB/Rp buy swap transaction of THB500,000,000 (five hundred million baht) with Bank B, an Indonesian ACCD Bank.

Bank A then made a THB/Rp swap transaction of THB450,000,000 (four hundred and fifty million baht) with Bank X, a Thailand ACCD Bank. with Bank X, a Thailand ACCD Bank. baht).

Section (2)

Sufficiently clear.

Article 11

Section (1)

Sufficiently clear.

Section (2)

Example:

Customer A, that is an Indonesian LCS customer, intends to sell shares in a Thai company for THB1,000,000 (one million baht). The proceeds from the sale of shares cannot be transferred back to the Baht Sub-SNA belonging to customer A at Indonesia ACCD Bank.

Section (3)

Example:

Importer C in Indonesia has a Baht Sub-SNA balance of THB100,000,000 (one hundred million baht) whose funds come from THB/IDR purchases through spot transactions for payment of obligations to exporters in Thailand. obligations to exporters in Thailand. Based on the Sub-SNA Baht balance, importer C could not use the funds to make investments in Thailand since the funds are intended to pay obligations to exporters in Thailand.

Section (4)

Sufficiently clear.

Article 12

Sufficiently clear.

Article 13

Point a

Settlement of Underlying Transactions includes foreign exchange from exports, divestment from direct investment activities, remittances from primary and secondary receipts, dividend receipts, interest receipts, and capital gains receipts.

Example:

The Baht Sub-SNA balance of PT X, an Indonesian LCS Customer, increased by THB10,000,000 (ten million baht) due to receiving proceeds from the sale of export goods to importers in Thailand.

Point b

Example:

Indonesia LCS Customers make a spot purchase transaction of THB/Rp of THB10,000,000 (ten million baht) with Indonesian ACCD Bank for direct trade or investment payments to Thailand LCS Customers. According to this transaction, the Baht Sub-SNA balance of the Indonesia LCS Customer increased by THB10,000,000 (ten million baht).

Point c

Example:

The Baht Sub-SNA balance of PT X, an Indonesia LCS Customer, increased by THB10,000 (ten thousand baht) because it received interest from the average Baht Sub-SNA balance.

Point d

Example:

The Baht Sub-SNA balance of PT Y, an Indonesian LCS Customer, increased by THB1,000,000 (one million baht) due to receiving disbursement of funds

from trade financing facilities and/or direct investment financing provided by Indonesian ACCD Bank.

Article 14

Point a

Settlement of Underlying Transactions includes imports of goods and services, direct investment activities, remittances for primary and secondary receipts, nominal investment payments, dividend payments, interest payments, and capital gain payments.

Example:

The Baht Sub-SNA balance of PT A, an Indonesian LCS Customer, decreased by THB10,000,000 (ten million baht) because it was used to pay for the purchase of imported goods from exporters in Thailand.

Point b

Example:

Indonesia LCS customers make a spot sell transaction of THB/Rp of THB10,000,000 (ten million baht) with Indonesian ACCD Bank to convert export proceeds into baht. according to the transaction, the Baht Sub-SNA balance of the Indonesia LCS Customer decreased by THB10,000,000 (ten million baht).

Point c

Example:

The Baht Sub-SNA balance of PT Y, an Indonesia LCS Customer, decreased by THB1,000,000 (one million baht) because it was used to pay off trade financing facilities and/or direct investment financing provided by Indonesian ACCD Bank.

Point d

Example:

PT D, an Indonesia LCS Customer, purchased Thai government securities or bonds amounting to THB10,000,000 (ten million baht). According to this transaction, PT D's Baht Sub-SNA balance decreased by THB10,000,000 (ten million baht).

Article 15

Section (1)

Thailand LCS Customers that can invest in financial instruments in rupiah in Indonesia are Thailand LCS Customers that have a balance originating from Underlying Transaction activities.

Section (2)

Example:

Bank A, an Indonesian ACCD Bank, carries out and order from Customer Xhican LCS Customer in Thailand, through Bank B, an ACCD Bank in Thailand, to make an investment in the form of purchasing shares in Indonesia amounting to Rp100,000,000,000.00 (one hundred billion rupiah) using the Rupiah Sub-SNA balance.

Section (3)

Example:

Exporter X in Thailand has a Rupiah Sub-SNA balance of Rp1,000,000,000.00 (one billion rupiah), the funds for which come from foreign exchange from exports. according to the Rupiah Sub-SNA balance, exporter X may purchase shares in Indonesia amounting to Rp500,000,000.00 (five hundred million rupiah). Six months later, exporter X intends to sell shares. The proceeds from the sale of shares may be transferred back to the Rupiah Sub-SNA of exporter X at Thailand ACCD Bank.

Article 16

Sufficiently clear.

Article 17

Section (1)

Non-Rupiah SNA shall include accounts owned by Banks or owned by Indonesian LCS Customers.

Section (2)

Settlement of transactions within the framework of the Rupiah and Baht LCS shall include settlement of Underlying Transactions and settlement of investments in financial instruments in rupiah in Indonesia.

Article 18

Section (1)

Sufficiently clear.

Section (2)

Settlement of transactions within the LCS framework of Rupiah and Baht including settlement of Underlying Transactions and settlement of investments in financial instruments in baht in Thailand.

Article 19

Sufficiently clear.

Article 20

Example 1:

Bank Z, a non-ACCD Bank in Thailand, conducted a spot purchase transaction of Rp/THB of Rp700,000,000.00 (seven hundred million rupiah) with Bank Y, an ACCD Bank in Thailand, for the benefit of importer X, that is a Thailand LCS Customer for payment of imports of goods to exporters in Indonesia.

In the due date, Bank Y will transfer rupiah funds amounting to Rp700,000,000.00 (seven hundred million rupiah) to Bank Z's rupiah account at a bank in Indonesia using the Underlying Transaction document in the form of an invoice for the purchase of goods by importer X.

Example 2:

Importer D in Indonesia makes a spot purchase transaction of THB/Rp to Bank A, an Indonesian ACCD Bank, amounting to THB1,000,000 (one million baht) for payment of import of goods to an exporter in Thailand. For this position, Bank A conducted a squaring position with Bank Z, a non-Thailand ACCD Bank in the form of a spot purchase transaction of THB1,000,000 (one million baht) with a THB/Rp exchange rate of 473. At the due date, Bank A will transfer rupiah funds amounting to Rp473,000,000.00 (four hundred and seventy-three million rupiah) to Bank Z's rupiah account at a bank in Indonesia using the Underlying Transaction document in the form of an invoice for the purchase of goods by importer D.

Article 21

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

The financing provided may use funds in baht that are owned by Indonesian ACCD Bank.

Article 22

Section (1)

Example:

An Indonesian LCS Customer makes a purchase of goods or investment amounting to USD100,000 (one hundred thousand United States dollars) from a Thailand LCS Customer. Indonesian LCS customer opens a letter of credit at Bank A, Indonesia's ACCD Bank, to pay off the bill from the Thailand LCS customer amounting to USD100,000 (one hundred thousand United States dollars) or the equivalent of THB3,150,000 (three million one hundred and fifty thousand baht). According to the bill, Indonesia LCS Customers may make spot purchases of USD/THB using financing facility funds of THB3,150,000 (three million one hundred and fifty thousand baht).

Article 23

Sufficiently clear.

Article 24

Sufficiently clear.

Article 25

Section (1)

Point a

Spot transactions must include today and tomorrow transactions.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Section (2)

Sufficiently clear.

Article 26

Section (1)

Included in liquidity management is the management of Rupiah SNA balances.

Section (2)

Sufficiently clear.

Article 27

Section (1)

Sufficiently clear.

Section (2)

Example:

Bank B, a non-Indonesian ACCD Bank, for the benefit of importer A, that is an Indonesia LCS Customer that will make payment for the purchase of goods to an exporter in Thailand, purchases THB/Rp through a spot transaction of THB500,000 (five hundred thousand baht) or equivalent to USD31,700 (thirty-one thousand seven hundred US dollars) to Bank C, Indonesian ACCD Bank. purchase of THB/Rp by Bank B does not need to be proven by the Underlying Transaction document from importer A.

Section (3)

Example:

Importer B that is an Indonesian LCS Customer according to the sales contract has an obligation to the exporter in Thailand which will mature in 1 (one) month in the amount of THB1,800,000 (one million eight hundred thousand baht) or equivalent to USD57,100 (fifty-seven thousand one US dollars). According to the Underlying Transaction, importer B may make a THB/Rp purchase transaction through a forward transaction of a maximum of THB1,800,000 (one million eight hundred thousand baht) with a maximum period of 1 (one) month.

Section (4)

Example:

Importer C, that is an Indonesian LCS Customer, intends to pay off the bill from exporter X, that is a Thailand LCS Customer, amounting to USD100,000 (one hundred thousand United States dollars) or the equivalent of THB3,150,000 (three million one hundred fifty thousand baht) with a USD/THB exchange rate of 31.50. according to the invoice, importer C may purchase THB/Rp through a spot transaction of THB3,150,000 (three million one hundred and fifty thousand baht).

Article 28

Section (1)

The term “squaring position” means a transaction carried out by Indonesian ACCD Bank to cancel open positions arising from previous transactions.

Example:

Bank B, an Indonesian ACCD Bank that has a short position in the baht currency of THB1,000,000 (one million baht), may carry out a squaring position with Bank X, a Thailand ACCD Bank in the form of a forward purchase transaction of THB/Rp of THB1,000,000 (one million baht).

Section (2)

Squaring position is carried out by Indonesian ACCD Bank on rupiah transactions against baht which are carried out with Indonesian LCS and/or non-Indonesian ACCD Bank customers.

Point a

Example:

Importer A, that is an Indonesian LCS Customer, purchases THB/Rp from Bank B, an Indonesian ACCD Bank, through a spot transaction of THB1,500,000 (one million five hundred thousand baht). Then, exporter B, that is an Indonesian LCS Customer, sells THB/Rp through a spot transaction of THB500,000 (five hundred thousand baht) to Bank B. Based on the transaction, Bank B may conduct squaring position on a net basis by purchasing THB/Rp from another ACCD Bank in the amount of THB1,000,000 (one million baht) the difference between THB1,500,000 (one million five hundred thousand baht) and THB500,000 (five hundred thousand baht) without Underlying Transaction documents.

Point b

Example:

Importer C, that is an Indonesian LCS Customer, makes a spot purchase transaction of THB/Rp to Bank Y, an Indonesian ACCD Bank, through a spot transaction of THB1,500,000 (one million five hundred thousand baht). Exporter B, that is an Indonesian LCS Customer, also sells THB/Rp through a spot transaction of THB500,000 (five hundred thousand baht) to Bank Y. According to the transaction, Bank Y may conduct squaring position on a gross basis by conducting a spot buy transaction of THB/Rp of THB1,500,000 (one million five hundred thousand baht) and a spot sell transaction of THB/Rp of THB500,000 (five hundred thousand baht) with a non-Thailand ACCD Bank

accompanied by the Underlying Transaction document.

Article 29

Section (1)

Sufficiently clear.

Section (2)

Squaring position is carried out by Thailand ACCD Bank on open positions of baht transactions against the rupiah which are carried out with, among others, Thailand LCS Customers and/oExample:Importer A, that is a Thailand LCS Customer, makes a purchase of Rp/THB from Bank X, an non-Thailand ACCD Bank. Thailand ACCD Bank, through a spot transaction of Rp1,000,000,000.00 (one billion rupiah).Then, exporter B that is a Thailand LCS Customer sells Rp/THB through a spot transaction of Rp600,000,000.00 (six hundred million rupiah) to Bank X. according to this transaction, Bank X may do squaring position on a net basis by purchasing Rp/THB from Indonesian ACCD Bank through a spot transaction of Rp400,000,000.00 (four hundred million rupiah) the difference of Rp1,000,000,000.00 (one billion rupiah) minus Rp600,000,000.00 (six hundred million rupiah).

Section (3)

Sufficiently clear.

Article 30

Sufficiently clear.

Article 31

Sufficiently clear.

Article 32

Section (1)

The term "netting" means the settlement of transactions carried out without transferring the full principal funds so that only the amount of funds that is the result of calculating the nominal transaction (notional) with the exchange rate difference moves.

Section (2)

Sufficiently clear.

Article 33

Sufficiently clear.

Article 34

The term “non-deliverable forward transactions” mean forward derivative Transactions overseas where the transaction settlement is carried out without transferring the full principal funds but only transferring a certain amount of funds the result of calculating the nominal transaction with the exchange rate difference.

Article 35

Point a

Sufficiently clear.

Point b

Number 1

Investments with a minimum equity ownership of 10% (ten percent) are long-term investments and are not included for short-term share trading purposes.

Point 2

The term “within the same group” shall include:

- a) parent company;
- b) headquarters;
- c) branch office;
- d) a subsidiary of which the entity owns more than 50% (fiftypercent) of the shares in the subsidiary;
- e) associate company of which the entity owns between 10% (ten percent) to 50% (fifty percent) of shares in the associated company; and
- f) sister company of which the entity and the affiliated company have the same shareholders (more than 10% (ten percent) of share ownership).

Point 3

Sufficiently clear.

Point c

Sufficiently clear.

Article 36

Section (1)

Point a

The term “Final Underlying Transaction documents ” mean a legally binding document that shows the obligation to pay or the right to receive payment with an unchanged nominal amount.

Point b

The term “ Estimated Underlying Transaction documents” mean a document that shows anestimate of the amount of payment or receipt requirements

Section (2)
Sufficiently clear.

Article 37

Section (1)
The types of estimated documents are documents related to the planned receipt or payment needs for current transactions.

Section (2)
Sufficiently clear.

Section (3)
Sufficiently clear.

Section (4)
Sufficiently clear.

Section (5)
Example:
On 1 December 2020, company A, an Indonesian LCS Customer with import and export activities, carried out a forward purchase transaction of THB/Rp with a term of 3 (three) months amounting to THB2,000,000 (two million baht) to pay for imports of goods purchased from Thailand. On 1 December 2020, company A also made a forward sale transaction of THB/Rp with a term of 3 (three) months amounting to THB1,000,000 (one million baht) to sell foreign exchange from exports to Thailand.
according to each transaction, company A must submit the Underlying Transaction documents as follows: 1. estimated import payment document of THB2,000,000 (two million baht); and 2. estimated export receipts document of THB1,000,000 (one million baht).

Article 38

Section (1)
Included in spot transactions are today and tomorrow.

Example:
Indonesian ACCD Bank conducts spot THB/Rp transactions with Indonesian LCS or non-Indonesia ACCD Bank customers. Non-Indonesian ACCD Bank is required to submit Underlying Transaction documents including point s of credit or invoices

showing trade or investment transactions between Indonesia and Thailand.

Section (2)

Example:

Indonesian ACCD Bank conducts THB/Rp forward transactions with Indonesian LCS Customers. Indonesian ACCD Bank is required to ask Indonesia LCS Customers to submit Underlying Transaction documents that are final or estimates in nature.

Final documents include point of credit or invoices. While estimated documents include proforma balance sheets (cash flow projections) that show estimated receipts or payment needs.

Section (3)

Example:

Indonesian ACCD Bank conducted a THB/Rp forward transaction with an Indonesian LCS Customer for a tenor of 1 (one) year on 1 December 2020 for import purposes from Thailand. Indonesia LCS customers have until the settlement date, which is 1 December 2021, at the latest to provide the Underlying Transaction documents to Indonesian ACCD Bank.

Article 39

Sufficiently clear.

Article 40

Section (1)

The term “cross border payment” means a payment transaction between a payor and payee that is subject to the jurisdiction of different countries.

Section (2)

The term “payment system organizer” means a party that has obtained permission/determination to organize payment system activities referring to Bank Indonesia provisions governing payment systems.

Article 41

Section (1)

The term “baht price quotations against the rupiah” means spot and forward quotations. The term “information provider facilities” includes facilities provided by Refinitiv and Bloomberg.

Section (2)

Point a

Sufficiently clear.

Point b

Quotations that may be transacted or executed shall be carried out with reference to Indonesian ACCD Bank's risk management.

Section (4)

Sufficiently clear.

Article 42

Sufficiently clear.

Article 43

Section (1)

Bank Indonesia may request input and information from the Bank of Thailand in conducting an evaluation of Indonesian ACCD Bank.

Section (2)

Considerations regarding the development of Indonesia ACCD Bank's business for the purposes of implementing the Rupiah and Baht LCS and Indonesian ACCD Bank's compliance with Bank Indonesia's provisions regarding the settlement for bilateral transactions using local currencies through Bank, among others, are obtained according to the results of supervision carried out by Bank Indonesia and/or the results of coordination between Bank Indonesia and other relevant authorities.

Article 44

Sufficiently clear.

Article 45

Sufficiently clear.

Article 46

Section (1)

Point a

The term "foreign exchange transactions" mean data on rupiah and foreign exchange transactions against baht carried out by Indonesian ACCD Bank with other ACCD Banks, non-ACCD Bank, and/or Indonesian LCS Customers, for the purposes of implementing Rupiah and Baht LCS.

Point b

The term “open baht transaction position” means the data on the open baht position at the end of the Day the net difference between buying and selling baht against the rupiah outright from today, tomorrow, spot, and/or forward transactions.

Point c

The term “Baht SNA balance position” means the end of Day balance data and total daily statements of Baht SNA.

Point d

The term “fund transfer” means data on fund transfer transactions from and/or to Baht SNA.

Point e

The term “Baht Sub-SNA balance and statement positions” means the end of Day balance data and daily statement details of Baht Sub-SNA.

Point f

The term “Financing position” means the daily Financing position (outstanding amount) data.

Point g

The term “Rupiah SNA balance and statement” means the end-of-day balance data and total daily statements of Rupiah SNA.

Section (2)

Self-explanatory.

Article 47

Sufficiently clear.

Article 48

Sufficiently clear

Article 49

Section (1)

Sufficiently clear.

Section (2)

Example:

Indonesian ACCD Bank has submitted a report for November 2020, but there was an error in filling in one of the lines of the Financing position form. according to this, Indonesian ACCD Bank must re-submit all information in the Financing position form which includes the corrected lines and other uncorrected lines.

Article 50

Sufficiently clear.

Article 51
Sufficiently clear.

Article 52

Section (1)

The term “force majeure” means a situation that actually causes Indonesian ACCD Bank to be unable to prepare and submit reports and/or report corrections, including due to fire, mass riots, terrorism, bombs, war, sabotage, and natural disasters such as earthquakes and floods, which are confirmed by the authorities mustor officials from the relevant agencies in the local area.

Section (2)

Example 1:

Bank A, an Indonesian ACCD Bank, experienced a natural disaster that caused force majeure throughout Therefore, Bank A cannot report transactions made during November 2020. Furthermore, Bank A be exempted from the obligation to submit reports in December 2020.

Example 2:

Bank B, an Indonesian ACCD Bank, experienced a fire that resulted in system damage from 10 to 14 November 2020, resulting in force majeure. Bank B's system returned to normal on 15 November 2020. according to these conditions, Bank B was unable to report transactions during the force majeure period for 5 (five) days.Bank B is still required to submit a report in December 2020 without transaction data during the force majeure period, namely from 10 to 14 November 2020.

Section (3)

Sufficiently clear

Article 53
Sufficiently clear

Article 54
Sufficiently clear

Article 55
Sufficiently clear

Article 56
Sufficiently clear

Article 57
Sufficiently clea

