

REGULATION OF MEMBER OF BOARD OF GOVERNORS
NUMBER 23/12/PADG/2021
ON
THE SETTLEMENT FOR BILATERAL TRANSACTIONS BETWEEN INDONESIA
AND MALAYSIA USING RUPIAH AND RINGGIT THROUGH BANK

BY THE BLESSINGS OF ALMIGHTY GOD

MEMBER OF BOARD OF GOVERNORS OF BANK INDONESIA,

- Considering :
- a. that Bank Indonesia and Bank Negara Malaysia have agreed to enact a cooperation framework to encourage settlement for bilateral transactions using rupiah and ringgit in activity and financial transactions through bank;
 - b. that Bank Indonesia has issued Bank Indonesia Regulation on the settlement for bilateral transactions using local currency (local currency settlement) through bank;
 - c. that based on 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 the Settlement for Bilateral Transactions between Indonesia and Malaysia Using Rupiah and Ringgit through Bank;
- Observing : Bank Indonesia Regulation Number 22/12/PBI/2020 on the 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) as amended by Bank Indonesia Regulation Number 23/9/PBI/2021 on the Amendment to Bank Indonesia Regulation Number 22/12/PBI/2020 on the Settlement for Bilateral Transactions Using Local Currency through Bank (State Gazette of the Republic of Indonesia of 2021 Number 158, Supplement to the State Gazette of the Republic of Indonesia Number 6699);

HAS DECIDED:

To enact : REGULATION OF MEMBER OF BOARD OF GOVERNORS
ON THE SETTLEMENT FOR BILATERAL TRANSACTIONS
BETWEEN INDONESIA AND MALAYSIA USING RUPIAH
AND RINGGIT THROUGH BANK.

CHAPTER I GENERAL PROVISIONS

Article 1

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 conventional manner and/or according to sharia principles, which provides payment services, including a branch office of bank domiciled overseas.
2. Settlement for Bilateral Transaction Using Rupiah and Ringgit (Local Currency Settlement), hereinafter referred to as Rupiah and Ringgit LCS, means settlement for bilateral transaction by entities in Indonesia and Malaysia using rupiah and ringgit.
3. Bank Appointed to Implement Currency Transactions or Appointed Cross Currency Dealer Bank, hereinafter referred to as ACCD Bank means a bank which is appointed to settle certain financial activities and transactions for the purpose of implementation of Rupiah and Ringgit LCS.
4. Indonesian ACCD Bank means ACCD Bank in Indonesia.
5. Malaysian ACCD Bank means ACCD Bank in Malaysia.
6. Rupiah Special Purpose Non-Resident Account, hereinafter referred to as Rupiah SNA, means a special account owned by Malaysian ACCD Bank denominated in rupiah, opened in Indonesian ACCD Bank for the purpose of implementation of Rupiah and Ringgit LCS.
7. Rupiah Sub Special Purpose Non-Resident Account, hereinafter referred to as Rupiah Sub-SNA, means a special account owned by Malaysian LCS customer denominated in rupiah, opened in a Malaysian ACCD Bank for the purpose of implementation of Rupiah and Ringgit LCS.
8. Ringgit Special Purpose Non-Resident Account, hereinafter referred to as Ringgit SNA, means a special account owned by Indonesian ACCD Bank denominated in ringgit, opened in a Malaysian ACCD Bank for the purpose of implementation of Rupiah and Ringgit LCS.
9. Ringgit Sub Special Purpose Non-Resident Account, hereinafter referred to as Ringgit Sub-SNA, means a special account owned by Indonesian LCS customer denominated in ringgit, opened in an Indonesian ACCD

Bank for the purpose of implementation of Rupiah and Ringgit LCS.

10. Underlying Transaction means all economic activities that underlie Rupiah and Ringgit LCS implementation.
11. Financing means financing provided by ACCD Bank to LCS customers in Indonesia and Malaysia.
12. Indonesian LCS Customer means a party who conducts Underlying Transaction with Malaysian LCS Customer.
13. Malaysian LCS Customer means a party who conducts Underlying Transaction with Indonesian LCS Customer.
14. Financial Transaction means a transaction in rupiah or foreign currency against ringgit.
15. Corporate Actions means merger, acquisition, spin-off, and/or integrations.
16. Merger is a legal act carried out by one or more banks to merge with another existing which results in the assets, liabilities and equity of the non-surviving Bank are transferred by law to the surviving Bank and subsequently the legal entity status of the non-surviving Bank shall end by law.
17. Acquisition is a legal act carried out by two or more banks to merge by establishing a new bank which by law obtains the assets, liabilities and equity of the non-surviving banks and the legal entity status of the non-surviving banks shall end by law.
18. Spin-Off is 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 is 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 revoking the business license of the foreign bank branch office.
20. Day means business day.

CHAPTER II INDONESIAN ACCD BANK

Part One

Criteria for the Appointment of Indonesian ACCD Bank

Article 2

Appointment of a Bank as Indonesian ACCD Bank by Bank Indonesia shall be carried out by considering the following criteria:

- a. soundness condition of the Bank;
- b. Bank's ability to facilitate financial activities and Financial Transactions between Indonesia and Malaysia;
- c. Bank's ability to establish business relations with banks in Malaysia; and/or
- d. other criteria which are determined by Bank Indonesia and Bank Negara Malaysia.

Part Two
Mechanism for the Appointment of Indonesian ACCD Bank

Article 3

- (1) Mechanism for the appointment of a Bank as an Indonesian ACCD Bank by Bank Indonesia and Bank Negara Malaysia shall at a minimum be conducted as follows:
 - a. the prospective Indonesian ACCD Bank submits an application letter to Bank Indonesia and Bank Negara Malaysia, as in the example which is listed in Annex I which constitutes an integral part of this Regulation of Member of Board of Governors;
 - b. Bank Indonesia and Bank Negara Malaysia process applications from prospective Indonesian ACCD Bank; and
 - c. Bank Indonesia and Bank Negara Malaysia give their approval for the appointment of a Bank as Indonesian ACCD Bank.

Application letter from prospective Indonesian ACCD Bank to Bank Indonesia and Bank Negara Malaysia as referred to in section (1) point a shall at least contain statement of interest and readiness to become Indonesian ACCD Bank accompanied by information regarding prospective partner of Indonesian ACCD Bank in Malaysia.

CHAPTER III
FINANCIAL ACTIVITIES FOR THE PURPOSE OF
IMPLEMENTATION OF LCS

Part One
Opening Rupiah SNA and Ringgit SNA

Article 4

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

Article 5

- (1) Indonesian ACCD Bank shall open Ringgit SNA in a Malaysian ACCD Bank.
- (2) Indonesian ACCD Bank may only open 1 (one) Ringgit SNA in each Malaysian ACCD Bank (one-to-many relationship).

Article 6

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

- (2) Indonesian ACCD Bank shall 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 document from Malaysian ACCD Bank which proves that the excess balance of Rupiah SNA will be used to pay the following obligations:
 - a. Underlying Transaction between Indonesia and Malaysia; 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 Ringgit SNA in Malaysian ACCD Bank of a maximum of MYR100,000,000 (one hundred million ringgit) at the end of the Day.
- (2) In the event that the Ringgit SNA balance at the end of the Day exceeds the nominal amount as referred to in section (1), the excess Ringgit SNA balance can be used for:
 - a. Underlying Transaction between Indonesia and Malaysia; or
 - b. investment on financial instruments in ringgit, on the following Day.

Part Two

Opening of Ringgit Sub-SNA

Article 8

- (1) Indonesian ACCD Bank shall accept the opening of Ringgit Sub-SNA for Indonesian LCS Customer for the purpose of implementation of Rupiah and Ringgit LCS.
- (2) Indonesian ACCD Bank may not accept the opening of Ringgit Sub-SNA for non-Indonesian ACCD Bank or other parties other than Indonesian LCS Customer.
- (3) Indonesian ACCD Bank shall grant interest for Ringgit Sub-SNA.
- (4) The granting of interest on Ringgit Sub-SNA as referred to in section (3) shall be conducted based on the policy of each Indonesian ACCD Bank.

Part Three

Management of Ringgit SNA Balance

Article 9

- (1) For the purpose of managing the Ringgit SNA balance, Indonesian ACCD Bank may conduct transactions that include:
 - a. investment in financial instruments in ringgit in Malaysia;

- b. swap transactions in ringgit against rupiah or foreign currency with other Indonesian ACCD Banks and/or with Malaysian ACCD Bank; and/or
 - c. conversion from ringgit to rupiah or other foreign currency through spot and/or forward transaction.
- (2) Investment as referred to in section (1) point a is prohibited from being made in the form of placement in bank in Malaysia, including:
 - a. deposit;
 - b. saving;
 - c. certificate of deposit; or
 - d. other equivalent forms.
- (3) In the event that Indonesian ACCD Bank invests in financial instrument in ringgit in Malaysia, the principal and proceeds of such investment may be transferred back to Ringgit SNA.

Article 10

- (1) The gross position of ringgit against rupiah or foreign currency swap transaction conducted between Indonesian ACCD Bank and another Indonesian ACCD Bank or Malaysian ACCD Bank is prohibited from exceeding MYR100,000,000 (one hundred million ringgit) at the end of the Day.
- (2) In carrying out rupiah against ringgit or foreign currency swap transaction with Malaysian ACCD Bank, Indonesian ACCD Bank is required to ensure that the gross transaction position cannot exceed Rp400,000,000,000.00 (four hundred billion rupiah).

Part Four

Management of Ringgit Sub-SNA Balance and Rupiah Sub-SNA Balance

Paragraph 1

Management of Ringgit Sub-SNA Balance

Article 11

- (1) For the purpose of managing the Ringgit Sub-SNA balance, Indonesian LCS customer may invest in financial instrument in ringgit in Malaysia except in the form of:
 - a. deposit;
 - b. saving;
 - c. certificate of deposit; or
 - d. other equivalent forms.
- (2) The principal and proceeds of investment as referred to in section (1) may be transferred back to the Ringgit Sub-SNA owned by Indonesian LCS Customer.
- (3) Indonesian LCS Customer who is importer may not invest the balance of Ringgit Sub-SNA.

- (4) Indonesian ACCD Bank is prohibited from executing investment order on Ringgit Sub-SNA balance belonging to importers in Indonesia.

Article 12

- (1) Indonesian LCS customer may not conduct cash deposits and withdrawals in ringgit in the Ringgit Sub-SNA.
- (2) Indonesian ACCD Bank is prohibited from executing cash deposit and withdrawal orders in ringgit in the Ringgit Sub-SNA as referred to in section (1).

Paragraph 2

Addition of Ringgit Sub-SNA Balance

Article 13

The addition of Ringgit Sub-SNA balance owned by Indonesian LCS Customer may only originate from:

- a. receipt from Malaysian LCS Customer for the settlement of Underlying Transaction;
- b. the purchase of ringgit against rupiah or foreign currency through today, tomorrow, spot, forward, swap, cross currency swap and/or domestic non-deliverable forward transaction for settlement of Underlying Transaction;
- c. interest income on the Ringgit Sub-SNA balance;
- d. proceeds from the disbursement of funds from trade financing and/or direct investment financing in ringgit received by Indonesian LCS Customer from Indonesian ACCD Bank; and/or
- e. principal and investment proceeds on financial instruments as referred to in Article 11 section (2).

Paragraph 3

Reduction of Ringgit Sub-SNA Balance

Article 14

The reduction of the Ringgit Sub-SNA balance of Indonesian LCS customer may only originate from:

- a. payments to Malaysian LCS Customer for the purpose of settlement of Underlying Transaction;
- b. the sale of ringgit against rupiah or foreign currency through today, tomorrow, spot, forward, cross currency swap and/or domestic non-deliverable forward transaction from Underlying Transaction;
- c. the repayment of trade financing and/or direct investment financing in ringgit received by Indonesian LCS Customer from Indonesian ACCD Bank; and/or
- d. the transfer of ringgit for the purpose of investment by Indonesian LCS Customer in financial instruments in ringgit in Malaysia.

Paragraph 4
Management of Rupiah Sub-SNA Balance

Article 15

- (1) For the purpose of managing the Rupiah Sub-SNA balance, Malaysian LCS Customer may invest in financial instruments in Rupiah in Indonesia, except in the form of:
 - a. deposit;
 - b. saving;
 - c. certificate of deposit; or
 - d. other equivalent forms.
- (2) Investment as referred to in section (1) shall be carried out by Indonesian ACCD Bank based on an order from Malaysian LCS Customer through Malaysian ACCD Bank.
- (3) The principal and proceed of investment as referred to in section (1) may be transferred back to Rupiah Sub-SNA owned by Malaysian LCS Customer.

Article 16

Cash deposit and withdrawal in rupiah in Rupiah Sub-SNA may not be conducted in Malaysia.

Paragraph Five
Transfer of Funds

Article 17

- (1) Indonesian ACCD Bank may conduct rupiah transfer as follows:
 - a. inter- Rupiah SNA;
 - b. between Rupiah SNA with Rupiah non-SNA both in ACCD Banks and non-ACCD Banks; and/or
 - c. from rupiah account to Rupiah Sub-SNA in Malaysian ACCD Bank.
- (2) The transfer of rupiah as referred to in section (1) shall be carried out only for the purpose of settlement of transactions under the framework of Rupiah and Ringgit LCS.

Article 18

- (1) Indonesian ACCD Bank may conduct ringgit transfer as follows:
 - a. inter- Ringgit SNA; and/or
 - b. between Ringgit SNA and Ringgit non-SNA both in ACCD Banks in Malaysia and non-ACCD Banks in Malaysia.
- (2) The transfer of ringgit as referred to in section (1) shall be carried out only for the purpose of settlement of transactions under the framework of Rupiah and Ringgit LCS.

Article 19

Indonesian ACCD Bank may conduct transfer between Ringgit Sub-SNA owned by the same Indonesian LCS Customer.

Article 20

For the purpose of implementation of Rupiah and Ringgit LCS, Bank that receives rupiah funds from:

- a. Malaysian ACCD Bank; or
 - b. Indonesian ACCD Bank,
- which are addressed to rupiah accounts belonging to non-Malaysian ACCD Banks, must be based on an Underlying Transaction.

Paragraph Six Financing

Article 21

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

Article 22

- (1) Financing provided in ringgit as referred to in Article 21 may use Underlying Transaction documents denominated in currencies other than ringgit.
- (2) Financing that uses Underlying Transaction in currencies other than ringgit as referred to on section (1) must be stated in its ringgit equivalent and settled in ringgit.

Article 23

For the purpose of providing Financing facilities in Rupiah by Malaysian ACCD Bank to Malaysian LCS Customer, Indonesian ACCD Bank may carry out:

- a. ringgit or foreign currency transactions against rupiah through swap transaction with Malaysian ACCD Bank; and/or
- b. placement in rupiah to Malaysian ACCD Bank.

Article 24

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

CHAPTER IV FINANCIAL TRANSACTIONS OF INDONESIAN ACCD BANK

Part One Rupiah to Ringgit Transactions

Article 25

- (1) For the purpose of implementation of Rupiah and Ringgit LCS, Indonesian ACCD Bank may carry out rupiah against ringgit transactions in the form of:
 - a. spot transaction;
 - b. forward transaction;
 - c. swap transaction;
 - d. cross currency swap transaction;
 - e. domestic non-deliverable forward transaction; and/or
 - f. other transactions determined by an agreement between Bank Indonesia and Bank Negara Malaysia.
- (2) Rupiah against ringgit transactions as referred to in section (1) may be carried out by Indonesian ACCD Bank with:
 - a. another Indonesian ACCD Bank;
 - b. Malaysian ACCD Bank;
 - c. Indonesian LCS Customer;
 - d. non-Indonesian ACCD Bank acting for the interest of Indonesian LCS Customer; and/or

e. non-Malaysian ACCD Bank.

Paragraph 1

Interbank Rupiah-Ringgit Transactions between ACCD Banks

Article 26

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

Paragraph 2

Rupiah Against Ringgit Transactions between Indonesian ACCD Bank and Indonesian LCS Customer

Article 27

- (1) Indonesian ACCD Bank may carry out rupiah against ringgit transaction as referred to in Article 25 section (1) with:
 - a. Indonesian LCS Customer; or
 - b. non-Indonesian ACCD Bank acting for the benefit of Indonesian LCS Customer.
- (2) Rupiah against ringgit transaction as referred to in section (1) with a nominal value above or equal to the equivalent of USD200,000 (two hundred thousand United States dollars) per transaction is required to be proven with Underlying Transaction documents.
- (3) The nominal value and tenor of rupiah against ringgit transaction as referred to in section (1) shall not exceed the nominal and tenor of the Underlying Transaction.
- (4) Indonesian LCS Customer may make rupiah against ringgit transaction as referred to in section (1) by using Underlying Transaction in currencies other than ringgit.

Part Two

Squaring Position

Article 28

- (1) Indonesian ACCD Bank may carry out rupiah against ringgit transaction as referred to in Article 25 section (1) with:
 - a. another Indonesian ACCD Bank;
 - b. Malaysian ACCD Bank;
 - c. non-Indonesian ACCD Bank acting for the benefit of Indonesian LCS Customer; and/or
 - d. non-Malaysian ACCD Bank based on an Underlying Transaction which is conducted by Indonesian LCS Customer,

for the purpose of implementation of squaring position.

- (2) Indonesian ACCD Bank may conduct squaring position as referred to in section (1) for rupiah against ringgit transaction in the following manner:
 - a. net basis or gross basis with:
 1. another Indonesian ACCD Bank; and/or
 2. Malaysian ACCD Bank,
 without Underlying Transaction documents; or
 - b. gross basis with:
 1. another non-Indonesian ACCD Bank; and/or
 2. non-Malaysian ACCD Bank;
 is required to be proven with Underlying Transaction documents.

Article 29

- (1) For the purpose of implementation of squaring position from Malaysian ACCD Bank, Indonesian ACCD Bank may carry out ringgit against rupiah transaction in the form of:
 - a. spot transaction;
 - b. forward transaction;
 - c. swap transaction;
 - d. cross currency swap transaction;
 - e. domestic non-deliverable forward transaction; and/or
 - f. other transactions determined based on an agreement between Bank Indonesia and Bank Negara Malaysia.
- (2) Indonesian ACCD Bank may carry out transactions for the purpose of implementation of squaring position from Malaysian ACCD Bank as referred to in section (1) in the following manner:
 - 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 to the Settlement of Financial Transactions

Article 30

- (1) Rupiah against ringgit transaction as referred to in Article 25 section (1) may be adjusted in the following manner:
 - a. extension of transactions;
 - b. acceleration of transaction settlement; and/or
 - c. termination of transactions.
- (2) The adjustment to transactions as referred to in section (1) may be conducted through the transfer of principal funds by netting.
- (3) Examples of the adjustment to transaction as referred to in section (1) are 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) Nominal transaction for adjustment in the form of:
 - a. extension of transactions;
 - b. acceleration of transaction settlement; and/or
 - c. termination of transactions,
 shall be conducted up to the maximum amount of the initial Underlying Transaction.
- (3) The transaction period for adjustment in the form of:
 - a. extension of transactions;
 - b. acceleration of transaction settlement; and/or
 - c. termination of transactions,
 shall be conducted in accordance with the period of the initial Underlying Transaction.
- (4) Extension of transactions, acceleration of transaction settlement, and/or termination of transactions conducted by Indonesian ACCD Bank as referred to in section (1), must be carried out with the same Malaysian ACCD Bank or non-Malaysian ACCD Bank in accordance with the initial transaction contract.

Part Four

Settlement of Rupiah Against Ringgit Transaction

Article 32

- (1) Settlement of rupiah against ringgit transaction that is conducted by Indonesian ACCD Bank with:
 - a. another Indonesian ACCD Bank as referred to in Article 26 section (1) point a; and
 - b. Indonesian LCS Customer as referred to in Article 27 section (1) point a,
 may be conducted by transferring the principal funds in full (gross) or on a netting basis.
- (2) The settlement of rupiah transaction against ringgit conducted by Indonesian ACCD Bank with non-Indonesian ACCD Bank as referred to in Article 27 section (1) point b shall be conducted through transfer of principal fund in gross.

CHAPTER V

OPEN POSITION OF RINGGIT TRANSACTIONS

Article 33

- (1) Indonesian ACCD Bank may hold open position of ringgit against rupiah and/or foreign currency transactions of up to MYR20,000,000 (twenty million ringgit) at the end of the Day.
- (2) The open position for ringgit against rupiah and/or foreign currency transaction is the net difference between the purchase and sale of ringgit against

rupiah and/or foreign currency from today, tomorrow, spot, forward and/or domestic non-deliverable forward transaction.

- (3) Examples of calculation of the open position in ringgit against rupiah and/or foreign currency transaction as referred to in section (1) and section (2) are contained in Annex III which constitutes an integral part of this Regulation of Member of Board of Governors.

CHAPTER VI DOMESTIC NON-DELIVERABLE FORWARD TRANSACTION

Article 34

Rupiah and Ringgit LCS shall be exempted from the prohibition on conducting domestic non-deliverable forward transactions in Malaysia in rupiah against ringgit.

CHAPTER VII UNDERLYING TRANSACTIONS

Part One

Types of Underlying Transactions

Article 35

Underlying Transaction for the purpose of the implementation of Rupiah and Ringgit LCS shall include:

- a. current transaction between Indonesian LCS Customer and Malaysian LCS customer in the form of:
 1. all activities of trading goods and services between Indonesia and Malaysia;
 2. all transactions of primary income which include:
 - a) transactions for the receipt and payment of labor compensation ; and
 - b) investment income from:
 - 1) direct investment;
 - 2) portfolio investment; and/or
 - 3) other investment; and
 3. all transactions of secondary income which include:
 - a) the receipt and payment of the government sector;
 - b) the receipt and payment of other sectors including remittances; and
 - c) other similar transactions, however, this does not include grants, gifts, donations and/or similar items;
- b. all activities of direct investment between Indonesian LCS Customer and Malaysian LCS Customer in the form of:
 1. investment between Indonesian LCS Customer and Malaysian LCS Customer, with a minimum equity ownership limit of 10% (ten percent);
 2. intercompany loans within the same group; or

3. capital expenditure by Indonesian LCS Customer in entities in Malaysia or projects in Malaysia based on an agreement, with a minimum contribution of 10% (ten percent) of the project cost.
- c. Financing from Indonesian ACCD Bank to Indonesian LCS Customer as referred to in Article 21.
- d. other Underlying Transaction.

Part Two Underlying Transaction Documents

Article 36

- (1) Underlying Transaction Documents may be in the form of:
 - a. final Underlying Transaction documents; or
 - b. estimated Underlying Transaction documents.
- (2) Underlying Transaction documents as referred to in section (1) are 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 are only allowed for current transactions.
- (2) The calculation of estimated Underlying Transaction as referred to in section (1) shall be made based on receipt or payment of current transactions for a maximum period of 1 (one) year.
- (3) Period of transaction using estimated Underlying Transaction documents as referred to in section (1) shall not exceed 1 (one) year from the date of the transaction.
- (4) Nominal of transaction using estimated Underlying Transaction documents as referred to in section (1) shall not exceed the estimated nominal of receipt or payment requirements of the current transaction.
- (5) Estimated Underlying Transaction documents as referred to in section (1) shall be calculated on a gross basis or net basis.

Part Three Underlying Transaction Documents for Rupiah Against Ringgit Transactions

Article 38

- (1) Rupiah against ringgit transaction in the form of spot between Indonesian ACCD Bank and:
 - a. Indonesian LCS Customer; or
 - b. non-Indonesian ACCD Bank acting for the benefit of Indonesian LCS Customer,
 as referred to in Article 27, are required to be proven by final Underlying Transaction documents.
- (2) Rupiah against ringgit transaction in the form of forward, swap, cross currency swap, and/or domestic

non-deliverable forward, between Indonesian ACCD Bank and:

- a. Indonesian LCS Customer; or
 - b. non-Indonesian ACCD Bank acting for the benefit of Indonesian LCS Customer,
- as referred to in Article 27, are required to be supported by final Underlying Transaction documents or estimated Underlying Transaction documents.
- (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 date.

Part Four

Underlying Transaction Document for Financing

Article 39

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

CHAPTER VIII

CROSS BORDERS PAYMENT

Article 40

- (1) Underlying Transaction as referred to in Article 35 point a shall include current transaction activity that is carried out through cross-border payment.
- (2) Payment system operator that provides cross border payment facility as referred to in section (1) shall use Indonesian ACCD Bank to conduct:
 - a. opening of Ringgit Sub-SNA; and
 - b. ringgit against rupiah transactions.

CHAPTER IX

PRICE QUOTATION

Article 41

- (1) In conducting spot and/or forward transaction as referred to in Article 9 section (1) point c, Article 25 section (1) point a and point b, as well as Article 29 section(1) point a and point b, Indonesian ACCD Bank is required to publish and display price quotation of ringgit against rupiah on information provider facilities.
- (2) Ringgit to rupiah price quotation shall be published and displayed on information provider facilities at least 1 (one) time every Day.
- (3) The determination of price quotation as referred to in section (1) shall:

- a. reflect reasonable price which happens in the foreign currency market; and
 - b. can be transacted or executed.
- (4) Indonesian ACCD Bank is required to use price quotation as referred to in on section (1) as reference in conducting ringgit against rupiah transactions.

CHAPTER X

EVALUATION AND TERMINATION OF APPOINTMENT OF INDONESIAN ACCD BANK

Article 42

- (1) Bank Indonesia may terminate the appointment of a Bank as Indonesian ACCD Bank.
- (2) The termination of appointment of a Bank as Indonesian ACCD Bank as referred to in section (1) shall be conducted:
 - a. based on the evaluation results of Bank Indonesia in coordination with Bank Negara Malaysia;
 - b. in the event that business license of an Indonesian ACCD Bank is revoked by the competent authority;
 - c. in the event that Indonesian ACCD Bank carries out a Corporate Action and Indonesian ACCD Bank is not a surviving Bank from the Corporate Action; or
 - d. at the request of the Indonesian ACCD Bank itself.
- (3) Indonesian ACCD Bank which:
 - a. plans to carry out a Corporate Action as referred to in section (2) point c; or
 - b. is in the process of revocation of the business license as referred to in section (2) point b, is required to submit a notification letter to Bank Indonesia accompanied by the resolution of the general meeting of shareholders regarding the plan of revocation of the business license or the plan of Corporate Action.
- (4) In the event that Indonesian ACCD Bank:
 - a. has obtained permission, approval or recommendation from the authorities to:
 - 1. take Corporate Action; or
 - 2. revoke the business license on one's own initiative (self-liquidation); or
 - b. has had its business license revoked based on the results of supervision by the competent authorities,

Indonesian ACCD Bank shall submit a decision letter regarding Corporate Action or revocation of business license from the authorities to Bank Indonesia.
- (5) In the event that the surviving Bank from the Corporate Action is not Indonesian ACCD Bank and intends to become Indonesian ACCD Bank, such Bank is required to fulfill the criteria as Indonesian ACCD Bank as referred to in Article 2 and submit an application for appointment as Indonesian ACCD Bank as referred to in Article 3 section (2).

- (6) Example of written notification letter as referred to in section (3) is 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 as referred to in Article 42 section (2) point a shall be carried out by Bank Indonesia in coordination with Bank Negara Malaysia.
- (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 implementation of Rupiah and Ringgit LCS as well as the compliance of Indonesian ACCD Bank with Bank Indonesia provisions regarding the settlement for bilateral transactions using local currency through bank.

Article 44

- (1) Bank Indonesia shall notify in writing the termination of appointment of a Bank as Indonesian ACCD Bank to the Indonesian ACCD Bank based on considerations as referred to in Article 42 section (2).
- (2) Indonesian ACCD Bank which has received a notification letter regarding the termination of its appointment as ACCD Bank, may not conduct any financial activity and transaction for the purposes of implementation of Rupiah and Ringgit LCS.
- (3) Indonesian ACCD Bank which has received a notification letter 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 the settlement of customers' rights and obligations related to:
 1. closing of Ringgit SNA and/or Ringgit Sub-SNA;
 2. settlement of Financing; and
 3. other matters related to transactions between the Bank and Indonesian LCS Customer for the purposes of implementation of Rupiah and Ringgit LCS.

CHAPTER XI REPORTING PROCEDURES

Part One Preparation of Report

Article 45

Indonesian ACCD Bank is required to prepare and submit periodic report related to the implementation of Rupiah and Ringgit LCS to Bank Indonesia.

Article 46

- (1) Periodic report as referred to in Article 45 shall include the following forms:
 - a. foreign exchange transactions;
 - b. open position of ringgit transactions on Ringgit SNA;
 - c. balance position of Ringgit SNA;
 - d. transfer of funds;
 - e. balance position and transactions of Ringgit Sub-SNA;
 - f. Financing position; and
 - g. balance and transactions of Rupiah SNA.
- (2) The report as referred to in section (1) shall contain data for 1 (one) reporting period, namely from the 1st to the end of the relevant month.

Article 47

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

Part Two Correction of Report

Article 49

- (1) In the event of any error in a report that has been submitted by Indonesian ACCD Bank to Bank Indonesia, such Indonesian ACCD Bank is required to submit correction to such erroneous report.
- (2) The report correction as referred to in section (1) shall be submitted in 1 (one) file as referred to in Article 48 section (1).

Part Three Delivery of Report

Article 50

- (1) The report as referred to in Article 45 and/or the report correction 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 the report correction shall be submitted on the following Day.

- (3) The submission of report and/or report correction as referred to in section (1) shall be made no later than 16.00 WIB.
- (4) In the event of any error in a report of an Indonesian ACCD Bank after the time limit as referred to in section (1) to section (3), Indonesian ACCD Bank must still submit the report correction.

Part Four
Technical Disruptions and Force Majeure

Paragraph 1
Technical Disruptions

Article 51

- (1) In the event that Indonesian ACCD Bank experiences technical disruptions in submitting report, 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 disruptions in submitting report and/or report correction on the report submission deadline, the report and/or report correction shall be submitted on the following Day after the technical disruption has been resolved.
- (3) Indonesian ACCD Bank shall be deemed to have submitted the report and/or report correction on the date the report and/or report correction is received after obtaining 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 report, Indonesian ACCD Bank shall immediately submit a written notification to Bank Indonesia accompanied by supporting evidence.
- (2) The obligation to submit report as referred to in Article 45 and/or report correction as referred to in Article 49 and submission of report after technical disruption as referred to in Article 51 section (2) shall be exempted for Indonesian ACCD Bank which experiences force majeure.
- (3) Indonesian ACCD Bank experiencing force majeure as referred to in (2) shall submit a report and/or report correction no later than 5 (five) Days after Indonesian ACCD Bank resumes normal operational activities.

Part Five
Assessment of Report

Article 53

- (1) Indonesian ACCD Bank shall be deemed to have submitted an incomplete report and/or report correction, if the Indonesian ACCD Bank fails to submit the entire report as referred to in Article 46 paragraph (1) and/or report correction as referred to in Article 49 by the deadlines stipulated 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 deadlines stipulated in Article 50, Article 51 section (2), or Article 52 section (3).

CHAPTER XII
CORRESPONDENCE

Article 54

- (1) Address for communications or correspondence related to the appointment of Indonesian ACCD Bank, the implementation of Rupiah and Ringgit LCS, and the termination of appointment of Indonesian ACCD Bank shall be submitted to:
Department of Financial Market Development
Bank Indonesia
MH Thamrin Street Number 2
Central Jakarta – 10350
Electronic mail: DPPK-APValas@bi.go.id and DPPK-PP@bi.go.id.
- (2) Address for communications or correspondence related to reporting shall be submitted to:
Department of Management and Reporting Compliance
Bank Indonesia
MH Thamrin Street Number 2
Central Jakarta – 10350
Electronic mail: laporan_accd@bi.go.id.
- (3) Report and/or report correction shall be submitted offline in the event that the online reporting system is not yet available.
- (4) Online reporting shall comply with Bank Indonesia provisions regarding integrated commercial bank reporting.
- (5) In the event of any change in correspondence address as referred to in section (1) and/or section (2), Bank Indonesia will inform such change through a letter and/or other media.

CHAPTER XIII PROCEDURES FOR THE IMPOSITION OF SANCTIONS

Article 55

- (1) Bank Indonesia shall impose a sanction in the form of written reprimand on Indonesian ACCD Bank which violates the provisions of Bank Indonesia Regulation on the settlement for bilateral transactions using local currency through bank.
- (2) The written reprimand as referred to in section (1) shall be delivered through a letter with copies to the relevant authorities.

CHAPTER XIV CLOSING PROVISIONS

Article 56

Upon the effective enforcement of this Regulation of the Member of Board of Governors, Regulation of the Member of Board of Governors Number 19/12/PADG/2017 on Settlement for Bilateral Trade Transactions between Indonesia and Malaysia Using Rupiah and Ringgit through Bank, shall be repealed and declared ineffective.

Article 57

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

In order that every person may know hereof, it is ordered to issue this Regulation of Member of Board of Governors by its placement in Bulletin Gazette of the Republic of Indonesia.

Issued in Jakarta
On 2 August 2021

MEMBER OF BOARD OF GOVERNORS,

Signed.

DESTRY DAMAYANTI

ELUCIDATION OF
REGULATION OF MEMBER OF BOARD OF GOVERNORS
NUMBER 23/12/PADG/2021
ON
THE SETTLEMENT FOR BILATERAL TRANSACTIONS BETWEEN INDONESIA
AND MALAYSIA USING RUPIAH AND RINGGIT THROUGH BANK

I. GENERAL

Bank Indonesia and Bank Negara Malaysia have reached an agreement to promote the use of rupiah and ringgit for settlement of bilateral transactions between Indonesia and Malaysia. This initiative forms part of efforts to reduce dependence on certain currencies, which is expected to support the implementation of Bank Indonesia’s duty in maintaining exchange rate stability.

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

As a guideline for the implementation of these provisions, it is necessary to establish regulations governing the conduct of financial activities and transactions under Rupiah and Ringgit LCS schemes.

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

Article 5
Section (1)
Sufficiently clear.

Section (2)
Example:

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

Article 6

Section (1)

Example:

Bank X, which is a Malaysian ACCD Bank, may open a Rupiah SNA at Bank A, Bank B, and Bank C, all of which are Indonesian ACCD Banks, with an aggregate balance at Bank A, Bank B, and Bank C of no more than 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 Malaysian ACCD Bank owns Rupiah SNA at Bank A which is an Indonesian ACCD Bank.

At the end of the Day on 1 August 2020, Rupiah SNA balance of Bank X in Bank A is

in the amount of Rp600,000,000,000.00 (six hundred billion rupiahs). The SNA Rupiah balance may exceed the limit of Rp400,000,000,000.00 (four hundred billion rupiah) provided that Bank X submits documents to Bank A which will execute the transaction when the Rupiah SNA balance exceeds the limit containing information that the excess balance will be used for:

- a. settling import obligations to exporters in Indonesia;
- b. conducting direct investments; or
- c. making investments in financial instruments in rupiah, on the following Day.

Article 7

Sufficiently clear.

Article 8

Sufficiently clear.

Article 9

Section (1)

Point a

Example:

To manage Ringgit SNA balance, Bank A which is an Indonesian ACCD Bank purchases Malaysian government bonds/ securities in the amount of MYR1,000,000 (one million ringgit).

Point b

Example:

To manage Ringgit SNA balance, Bank A which is an Indonesian ACCD Bank conducts a MYR/IDR or

MYR/USD swap transaction of MYR1,000,000 (one million ringgit) with Bank B which is an Indonesian ACCD Bank or with Bank X which is a Malaysian ACCD Bank.

Point c

Spot transactions shall include today and tomorrow.

Example:

To manage the Ringgit SNA balance, Bank C which is an Indonesian ACCD Bank, converts ringgit to rupiah in the amount of MYR1,000,000 (one million ringgit) through a spot transaction.

Section (2)

Sufficiently clear.

Section (3)

Example:

Bank A, which is an Indonesian ACCD Bank, invests in Malaysian government securities in the amount of MYR30,000,000 (thirty million ringgit) with a coupon of 3% (three percent) per year.

Based on such investment, upon the coupon payment due date, Bank A shall receive a quarterly coupon of MYR225,000 (two hundred and twenty five thousand ringgit).

The coupon proceeds may be transferred to the Ringgit SNA owned by Bank A.

Article 10

Section (1)

Example:

Bank A which is an Indonesian ACCD Bank, enters into a MYR/IDR buy swap transaction in the amount of MYR90,000,000 (ninety million ringgit) with Bank B, which is an Indonesian ACCD Bank.

Bank A subsequently enters into a MYR/IDR sell swap transaction in the amount of MYR5,000,000 (five million ringgit) with Bank X, which is a Malaysian ACCD Bank.

Thus, Bank A own gross position of swap transaction in the amount of MYR95,000,000 (ninety five million ringgit).

Section (2)

Sufficiently clear.

Article 11

Section (1)

Sufficiently clear.

Section (2)

Example:

Customer A who is an Indonesian LCS Customer, intends to sell shares of a Malaysian company in the amount of MYR10,000,000 (ten million ringgit).

The proceeds from the sale of such shares may be transferred back to the Ringgit Sub-SNA owned by customer A at Indonesian ACCD Bank.

Section (3)

Example:

Importer C in Indonesia has a Ringgit Sub-SNA balance of MYR100,000,000 (one hundred million ringgit) whose funds originating from the purchase of MYR/IDR through a spot transaction for the payment of obligations to exporter in Malaysia.

Based on the Ringgit Sub-SNA balance, importer C may not use these funds to make investments in Malaysia considering that the funds are intended for the payment of obligations to exporter in Malaysia.

Section (4)

Sufficiently clear.

Article 12

Sufficiently clear.

Article 13

Point a

Settlement of Underlying Transaction shall include foreign exchange proceeds from export, divestment from direct investment activities, remittances from primary and secondary income, dividend income, interest income and capital gains income.

Example:

The Ringgit Sub-SNA balance of PT X, which is Indonesian LCS Customer, increased by MYR10,000,000 (ten million ringgit) due to receiving proceeds from the sale of export goods to importer in Malaysia.

Point b

Example:

Indonesian LCS Customer enters into a MYR/IDR spot purchase transactions of MYR10,000,000 (ten million ringgit) with Indonesian ACCD Bank for the purpose of trade payment or direct investment to Malaysian LCS Customer.

Based on this transaction, the Ringgit Sub-SNA balance of the Indonesian LCS Customer increases by MYR10,000,000 (ten million ringgit).

Point c

Example:

The Ringgit Sub-SNA balance of PT X, which is an Indonesian LCS Customer, increases by MYR10,000 (ten thousand ringgit) because it receives interest from the average balance of RinggitSub-SNA .

Point d

Example:

The Ringgit Sub-SNA balance of PT Y, which is an Indonesian LCS Customer, increases by MYR1,000,000 (one million ringgit) as a result of receiving disbursement of funds from trade financing and/or direct investment financing facilities provided by Indonesian ACCD Bank.

Point e
Sufficiently clear.

Article 14

Point a

Settlement of Underlying Transaction shall include import of goods and services, direct investment activities, remittances for primary and secondary income, payment of investment principal, payment of dividends, payment of interest and payment of capital gains.

Example:

The Ringgit Sub-SNA balance of PT A, which is an Indonesian LCS Customer, decreases by MYR10,000,000 (ten million ringgit) as a result of being used to pay for the purchase of imported goods from exporter in Malaysia.

Point b

Example:

Indonesian LCS Customer conducts a MYR/IDR sell spot transaction of MYR10,000,000 (ten million ringgit) with Indonesian ACCD Bank to convert export proceeds into ringgit. Based on such transaction, Ringgit Sub-SNA balance owned by Indonesian LCS Customer decreases by MYR10,000,000 (ten million ringgit).

Point c

Example:

The Ringgit Sub-SNA balance of PT Y which is Indonesian LCS Customer decreases by MYR1,000,000 (one million ringgit) as a result of being used to pay off trade financing and/or direct investment financing facilities provided by Indonesian ACCD Bank.

Point d

Example:

PT D which is an Indonesian LCS Customer purchases Malaysian government securities or bonds in the amount of MYR10,000,000 (ten million ringgit). Based on such transaction, the Ringgit Sub-SNA balance owned by PT D reduces by MYR10,000,000 (ten million ringgit).

Article 15

Section (1)

Malaysian LCS Customer who may invest in financial instruments in rupiah in Indonesia is Malaysian LCS Customer who have balance originating from Underlying Transaction activities.

Section (2)

Example:

Bank A, which is an Indonesian ACCD Bank, carries out an order from customer X, who is a Malaysian LCS Customer, through Bank B, which is a Malaysian ACCD Bank, 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 Malaysia has a Rupiah Sub-SNA balance of Rp1,000,000,000.00 (one billion rupiah) with funds originating from export foreign exchange proceeds. Based on 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 the shares. The proceeds from the sale of such shares may be transferred back to the Rupiah Sub-SNA of exporter X at a Malaysian 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 under the framework of Rupiah and Ringgit LCS shall include settlement of Underlying Transaction and settlement of investments in financial instruments in rupiah in Indonesia.

Article 18

Sufficiently clear.

Article 19

Sufficiently clear.

Article 20

Example 1:

Bank Z, which is a non-Malaysian ACCD Bank, enters into a spot purchase transaction of IDR/MYR in the amount of Rp700,000,000.00 (seven hundred million rupiah) with Bank Y, which is a Malaysian ACCD Bank for the benefit of importer X who is a Malaysian LCS Customer for the payment of import of goods to exporter in Indonesia.

At maturity, Bank Y shall transfer rupiah funds in the amount of Rp700,000,000.00 (seven hundred million rupiah) to the rupiah account owned by Bank Z at a Bank in Indonesia using Underlying Transaction documents in the form of invoice for the purchase of goods by importer X.

Example 2:

Importer D in Indonesia enters into a spot buy transaction of MYR/IDR to Bank A which is an Indonesian ACCD Bank in the amount of MYR1,000,000 (one million ringgit) for the payment of imported goods to exporter in Malaysia.

For this position, Bank A conducts a squaring position with Bank Z which is a non-Malaysian ACCD Bank in the form of spot buy transaction in the amount of MYR1,000,000 (one million ringgit) at an MYR/IDR exchange rate of 3,500.

At maturity, Bank A shall transfer rupiah funds in the amount of Rp3,500,000,000.00 (three billion five hundred million rupiah) to Bank Z's rupiah account at a bank in Indonesia using Underlying Transaction documents 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 utilize funds in ringgit that are owned by Indonesian ACCD Bank.

Article 22

Section (1)

Example:

Indonesian LCS Customer makes purchases of goods or investments in the amount of USD100,000 (one hundred thousand US dollars) from Malaysian LCS Customer.

Indonesian LCS Customer opens a letter of credit at Bank A which is an Indonesian ACCD Bank to settle the bill from Malaysian LCS Customer in the amount of USD100,000 (one hundred thousand US dollars) or equivalent to MYR3,150,000 (three million one hundred fifty thousand ringgit).

Based on the invoice, Indonesian LCS Customer may enter into a spot buy transaction of USD/MYR by using financing facility funds in the amount of MYR3,150,000 (three million one hundred fifty thousand ringgit).

Section (2)

Sufficiently clear.

Article 23

Sufficiently clear.

Article 24

Sufficiently clear.

Article 25

Section (1)

Point a

Spot transactions shall include today and tomorrow transactions.

Point b
Sufficiently clear.

Point c
Sufficiently clear.

Point d
Sufficiently clear.

Point e
Sufficiently clear.

Point f
Sufficiently clear.

Section (2)
Sufficiently clear.

Article 26

Section (1)
Management of Rupiah SNA balance is included in liquidity management.

Section (2)
Sufficiently clear.

Article 27

Section (1)
Sufficiently clear.

Section (2)
Example:
Bank B, which is a non-Indonesian ACCD Bank, for the benefit of importer A, who is an Indonesian LCS Customer intending to make payment for the purchase of goods to an exporter in Malaysia, purchases MYR/IDR through a spot transaction in the amount of MYR500,000 (five hundred thousand ringgit) or equivalent to USD31,700 (thirty one thousand seven hundred United States dollars) to Bank C, which is an Indonesian ACCD Bank. The purchase of MYR/IDR by Bank B does not need to be proven by Underlying Transaction documents from importer A.

Section (3)
Example:
Importer B, who is an Indonesian LCS Customer, in accordance with a sales contract, has an obligation to an exporter in Malareferysia in the amount of MYR1,800,000 (one million eight hundred thousand ringgit) or equivalent to USD57,100 (fifty seven thousand one hundred United States dollars) which will become due in 1 (one) month. Based on the Underlying Transaction, importer B may enter into a purchase transaction of MYR/IDR through forward transaction for up to

MYR1,800,000 (one million eight hundred thousand ringgit) with the maximum tenor of 1 (one) month.

Section (4)

Example:

Importer C, who is an Indonesian LCS Customer, intends to settle the bill from exporter X who is a Malaysian LCS Customer in the amount of USD1,000,000 (one million United States dollars) or equivalent to MYR4,150,000 (four million one hundred fifty thousand ringgit) at an exchange rate of USD/MYR 4.15.

Based on such invoice, importer C may purchase MYR/IDR through spot transaction in the amount of MYR4,150,000 (four million one hundred fifty thousand ringgit).

Article 28

Section (1)

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

Example:

Bank B, which is an Indonesian ACCD Bank, has a short position in ringgit amounting to MYR1,000,000 (one million ringgit), and may carry out a squaring position with Bank X, which is a Malaysian ACCD Bank, by entering into a forward purchase transaction of MYR/IDR in the amount of MYR1,000,000 (one million ringgit).

Section (2)

Squaring position shall be carried out by Indonesian ACCD Bank on rupiah against ringgit transactions which are conducted with Indonesian LCS Customer and/or non-Indonesian ACCD Bank.

Point a

Example:

Importer A, who is an Indonesian LCS Customer, purchases MYR/IDR from Bank B, which is an Indonesian ACCD Bank, through a spot transaction in the amount of MYR1,500,000 (one million five hundred thousand ringgit). Subsequently, exporter B, who is an Indonesian LCS Customer, sells MYR/IDR through a spot transaction in the amount of MYR500,000 (five hundred thousand ringgit) to Bank B.

Based on these transactions, Bank B may carry out a squaring position on a net basis by purchasing MYR/IDR from another ACCD Bank in the amount of MYR1,000,000 (one million ringgit), which is the difference between MYR1,500,000 (one million five hundred thousand ringgit) and MYR500,000 (five hundred thousand ringgit) without Underlying Transaction documents.

Point b

Example:

Importer C, who is an Indonesian LCS Customer, enters into a spot buy transaction of MYR/IDR with Bank Y, which is an Indonesian ACCD Bank, through a spot

transaction in the amount of MYR1,500,000 (one million five hundred thousand ringgit).

Exporter B, who is an Indonesian LCS Customer, also sells MYR/IDR through a spot transaction in the amount of MYR500,000 (five hundred thousand ringgit) to Bank Y. Based on these transactions, Bank Y may carry out squaring position on a gross basis by carrying out a spot buy transaction of MYR/IDR in the amount of MYR1,500,000 (one million five hundred thousand ringgit) and a spot sell transaction of MYR/IDR in the amount of MYR500,000 (five hundred thousand ringgit) with a non-Malaysian ACCD Bank accompanied by Underlying Transaction documents.

Article 29

Section (1)

Sufficiently clear.

Section (2)

Squaring position shall be carried out by Malaysian ACCD Bank on an open position of ringgit against rupiah transactions which are carried out with LCS Malaysia Customer and/or non-Malaysian ACCD Bank, among others.

Example:

Importer A, who is a Malaysian LCS Customer, purchases IDR/MYR from Bank X, which is a Malaysian ACCD Bank, through a spot transaction in the amount of Rp1,000,000,000.00 (one billion rupiah).

Subsequently, exporter B, who is a Malaysian LCS Customer conducts sale of IDR/MYR through a spot transaction in the amount of Rp600,000,000.00 (six hundred million rupiah) to Bank X. Based on these transactions, Bank X may carry out squaring position on a net basis by purchasing IDR/MYR from an Indonesian ACCD Bank through a spot transaction of Rp400,000,000.00 (four hundred million rupiah) which is the difference between Rp1,000,000,000.00 (one billion rupiah) and 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 without the full transfer of principal funds, whereby only the amount resulting from the calculation of the notional transaction value and the exchange rate difference is transferred.

Section (2)
Sufficiently clear.

Article 33
Sufficiently clear.

Article 34
Sufficiently clear

Article 35
Point a
Sufficiently clear.

Point b
Number 1
An investment with a minimum equity ownership of 10% (ten percent) constitutes a long-term investments and does not include short-term share trading purposes.

Number 2
The term "within the same group" includes, among others:
a) parent company;
b) head office;
c) branch office;
d) subsidiary in which an entity holds more than 50% (fifty percent) of the shares;
e) associate company in which an entity holds between 10% (ten percent) to 50% (fifty percent) of the shares; and
f) sister company in which an entity and the affiliated company have the same shareholders (with more than 10% (ten percent) of share ownership).

Number 3
Sufficiently clear.

Point c
Sufficiently clear

Point d
Sufficiently clear.

Article 36
Section (1)

Point a
The term "final Underlying Transaction documents" means legally binding documents which indicates an obligation to pay or a right to receive payment for a fixed nominal amount.

Point b
The term "estimated Underlying Transaction documents" means documents that indicates an estimated amount of payment or receipt based on historical data.

Section (2)
Sufficiently clear.

Article 37

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

Section (2)
Sufficiently clear.

Section (3)
Sufficiently clear.

Section (4)
Sufficiently clear.

Section (5)
Example:
On 1 December 2020, company A, which is an Indonesian LCS Customer engaged in import and export activities entered into a forward buy transaction of MYR/IDR with a tenor of 3 (three) months in the amount of MYR2,000,000 (two million ringgit) to pay for imports of goods from Malaysia. On 1 December 2020, company A also entered into a forward sale transaction of MYR/IDR with a tenor of 3 (three) months in the amount of MYR1,000,000 (one million ringgit) to sell foreign exchange proceeds from exports to Malaysia.

For each of these transactions, company A must submit the Underlying Transaction documents as follows:

1. estimated documents for import payment in the amount of MYR2,000,000 (two million ringgit); and
2. estimated documents for export receipts in the amount of MYR1,000,000 (one million ringgit).

Article 38

Section (1)
Spot transactions include today and tomorrow transactions.

Example:

Indonesian ACCD Bank conducts MYR/IDR spot transaction with Indonesian LCS Customer or non-Indonesian ACCD Bank.

Non-Indonesian ACCD Bank is required to submit Underlying Transaction documents, including but not limited to letters of credit or invoices evidencing trade or investment transactions between Indonesia and Malaysia.

Section (2)
Example:
Indonesian ACCD Bank conducts MYR/IDR forward transactions with Indonesian LCS Customer. Indonesian ACCD Bank is required to ask Indonesian LCS Customer to submit final or estimated Underlying Transaction documents.

Final documents, including but not limited to letter of credit or invoice.

While estimated documents shall include proforma balance sheet (cash flow projections) that indicates the estimated receipts or payment needs.

Section (3)

Example:

Indonesian ACCD Bank conducts a MYR/IDR forward transaction with an Indonesian LCS Customer with a tenor of 1 (one) year on 1 December 2020 for import purposes from Malaysia.

Indonesian LCS Customer shall have no later than the settlement date, namely 1 December 2021, to provide the Underlying Transaction documents to the Indonesian ACCD Bank.

Article 39

Sufficiently clear.

Article 40

Section (1)

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

Section (2)

The term payment system organizer means a party that has obtained a license or designation to operate payment system activities in accordance with Bank Indonesia provisions governing payment systems.

Article 41

Section (1)

The term "quotation price of ringgit against rupiah" means a spot and forward quotation. The term "Information provider facilities" includes, among others, facilities provided by Refinitiv and Bloomberg.

Section (2)

Sufficiently clear.

Section (3)

Point a

Sufficiently clear.

Point b

Quotations which may be transacted or executed shall be made with reference to the risk management policy of Indonesian ACCD Bank.

Section (4)

Sufficiently clear.

Article 42

Sufficiently clear.

Article 43

Section (1)

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

Section (2)

Considerations regarding the business development of Indonesian ACCD Bank for the purposes of implementation of Rupiah and Ringgit LCS as well as the compliance of Indonesian ACCD Bank with Bank Indonesia provisions on settlement for bilateral transactions using local currency through Bank, are, among others, based on 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 transaction" means data on rupiah and foreign exchange transactions against ringgit carried out by Indonesian ACCD Bank with other ACCD Banks, non-ACCD Banks, and/or Indonesian LCS Customers, for the purposes of implementation of Rupiah and Ringgit LCS.

Point b

The term "open position of ringgit transactions" means data on open position of ringgit at the end of the Day, which is the net difference between outright purchases and sales of ringgit against rupiah from today, tomorrow, spot, and/or forward transactions.

Point c

The term "balance position of Ringgit SNA" means data on the end of Day balance and total daily movements of Ringgit SNA.

Point d

The term "transfer of funds" means data on fund transfer transactions from and/or to Ringgit SNA.

Point e

The term "balance position and transactions of Ringgit Sub-SNA" means data on the end of Day balance and details of daily movements of the Ringgit Sub-SNA.

Point f

The term "Financing position" means the daily outstanding amount of Financing.

Point g

The term "balance and transactions of Rupiah SNA " means data on the end of Day balance and total daily movements of the Rupiah SNA.

Section (2)

Sufficiently clear.

Article 47

Sufficiently clear.

Article 48

Sufficiently clear.

Article 49

Section (1)

Sufficiently clear.

Section (2)

Example:

Indonesian ACCD Bank has submitted its report for November 2020, however there was an error in completing one row of the Financing position form.

Based on this, Indonesian ACCD Bank shall re-submit all information in the Financing position form which includes both the corrected row and the other rows that were uncorrected..

Article 50

Sufficiently clear.

Article 51

Sufficiently clear.

Article 52

Section (1)

The term "force majeure" means circumstances that demonstrably prevent Indonesian ACCD Bank from preparing and submitting report and/or report correction, including but not limited to fire, civil unrest, terrorism, bombing, war, sabotage, and natural disasters such as earthquakes and floods, as confirmed by the authorities or officials of the relevant local agencies.

Section (2)

Example1:

Bank A, which is an Indonesian ACCD Bank, experienced a natural disaster which caused force majeure conditions throughout November 2020.

Therefore, Bank A was unable to report transactions conducted during November 2020. Consequently, Bank A is exempted from the obligation to submit report for December 2020.

Example 2:

Bank B, which is an Indonesian ACCD Bank, experienced a fire which resulted in system crash from 10 November 2020 to 14 November 2020, resulting in force majeure conditions.

Bank B's system returned to normal on 15 November 2020. Based on these circumstances, Bank B was unable to report transactions during the force majeure period of 5 (five) days.

Bank B remains required to submit its report for December 2020, excluding transaction data for the force majeure period, namely from 10 November 2020 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 clear..