

REGULATION OF MEMBER OF BOARD OF GOVERNORS
NUMBER 23/14/PADG/2021 OF 2021
ABOUT
THE AMENDMENT TO REGULATION OF MEMBER OF BOARD OF
GOVERNORS NUMBER 22/20/PADG/2020 ON THE SETTLEMENT
FOR BILATERAL TRANSACTIONS BETWEEN INDONESIA AND
JAPAN USING RUPIAH AND YEN THROUGH BANK

BY THE BLESSING OF ALMIGHTY GOD

MEMBER OF BOARD OF GOVERNORS OF BANK INDONESIA

- Considering:
- a. that in order to increase the use of rupiah and yen in the settlement of bilateral transactions between Indonesia and Japan, it is necessary to increase flexibility in conducting local currency settlement transactions;
 - b. that flexibility in the settlement of bilateral transactions using rupiah and yen shall be conducted in the form of expansion of transactable instruments, increase in transaction threshold, adjustment of transaction tenor, expansion of underlying document types, and simplification of LCS transaction reports;
 - c. that Regulation of Member of Board of Governors Number 22/20/PADG/2020 on the Settlement for Bilateral Transactions between Indonesia and Japan Using Rupiah and Yen through Banks needs to be adjusted.
 - d. that based on the considerations as referred to in point a, point b, and point c, it has been deemed necessary to establish Regulation of Member of Board of Governors on the Amendment to Regulation of Member of Board of Governors Number 22/20/PADG/2020 on the Settlement for Bilateral Transactions between Indonesia and Japan Using Rupiah and Yen through Bank.

- Observing :
1. 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);
 2. Regulation of Member of Board of Governors Number 22/20/PADG/2020 dated 28 August 2020 on the Settlement for Bilateral Transactions between Indonesia and Japan Using Rupiah and Yen through Bank.

HAS DECIDED:

To enact : REGULATION OF MEMBER OF BOARD OF GOVERNORS ON THE AMENDMENT TO REGULATION OF MEMBER OF BOARD OF GOVERNORS NUMBER 22/20/PADG/2020 ON THE SETTLEMENT FOR BILATERAL TRANSACTIONS BETWEEN INDONESIA AND JAPAN USING RUPIAH AND YEN THROUGH BANK

Article I

Several provisions in Regulation of Member of Board of Governors Number 22/20/PADG/2020 on the Settlement for Bilateral Transactions between Indonesia and Japan Using Rupiah and Yen through Bank have been amended as follows:

1. The provisions of section (1) of Article 18 have been amended, therefore it reads as follow:

Article 18

- (1) For the implementation purpose of Rupiah and Yen LCS, Indonesian ACCD Bank may conduct rupiah transactions against yen in the form of:
 - a. spot transactions;
 - b. forward transactions;
 - c. spot transactions;
 - d. swap transactions;
 - e. cross currency swap transactions;
 - f. domestic non-deliverable forward transactions; and/or
 - g. other transactions stipulated under the

agreement

- (2) Rupiah transactions against yen transactions as referred to in section (1) may be carried out by Indonesian ACCD Bank with:
 - a. Other Indonesian ACCD Banks;
 - b. Japan ACCD Banks;
 - c. Indonesian LCS Customers;
 - d. Indonesian Non-ACCD Bank acting for the interest of Indonesian LCS Customers; and/or
 - e. Japan Non-ACCD Bank for the interest of squaring position.
2. The provisions of section (2) of Article 20 have been amended, the provisions of section (3) of Article 20 remain and the elucidation of section (3) of Article 20 has been amended as stated in the article by article elucidation, as well as section (4) of Article 20 remain and the elucidation of section (4) of Article 20 has been amended as stated in the article by article elucidation, therefore they read as follows:

Article 20

- (1) Indonesian ACCD Bank may conduct rupiah transactions against yen as referred to in Article 18 section (1) with:
 - a. Customers of Indonesia LCS; or
 - b. Indonesia Non-ACCD Bank acting for the interest of Customers of Indonesia LCS.
 - (2) Rupiah transactions against yen as referred to in Article 18 section (1) with a nominal above the equivalent of USD500,000.00 (five hundred thousand United States dollars) per transaction are required to be proven by the Transaction Underlying document.
 - (3) The nominal and period for rupiah transaction against yen as referred to in section (1) shall be prohibited from exceeding the nominal and period of the Underlying Transaction.
 - (4) Customers of Indonesia LCS may conduct rupiah transactions against yen as referred to in section (1) by using Underlying Transactions in currency denomination other than yen.
3. The provisions of section (1) of Article 22 have been inserted with 3 (three) points, namely point d, point e and point f, therefore Article 22 reads as follows:

Article 22

- (1) For the implementation of squaring position of the Japan ACCD Bank, the Indonesian ACCD Bank may conduct yen transactions against the rupiah 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 as determined by the agreement between Bank Indonesia and the Japan authorities.
 - (2) The Indonesian ACCD Bank may carry out transactions for the implementation of squaring position of the Japan ACCD Bank as referred to in section (1) through:
 - a. Indonesia net basis
 - b. gross basis
 - (3) The implementation of squaring position as referred to in section (1) shall be conducted without Underlying Transaction documents.
4. The provisions of Article 26 have been amended, therefore it reads as follows:

Article 26

The framework for cooperation in the settlement for bilateral transactions between Indonesia and Japan using rupiah and yen shall be exempted from the prohibition on domestic non-deliverable forwards in Japan in rupiah currency against yen currency.

5. The provisions of Article 29 have been amended, therefore it reads as follows:

Article 29

- (1) The estimated Underlying Transaction documents as referred to in Article 28 section (1) point b may only be permitted for current transactions and/or direct investments.
- (2) The estimated calculation of Underlying Transactions as referred to in section (1) shall be carried out based on:
 - a. plan for the receipt or payment needs of current transactions and/or direct investments; and

- b. customer risk profile.
 - (3) The estimated Underlying Transaction documents as referred to in section (1) shall be calculated on a gross basis.
6. The provisions of section (2) of Article 30 have been amended, therefore it reads as follows:

Article 30

- (1) Rupiah transactions against yen in the form of spot between Indonesian ACCD Bank with:
 - a. Customers of Indonesia LCS; or
 - b. Indonesia Non-ACCD Bank acting for the interests of Customers of Indonesia LCS, as referred to in Article 20, is required to be proven with final Underlying Transaction documents.
 - (2) Rupiah transactions against yen in the form of forward, swap, cross currency swap, and/or domestic non-deliverable forward, between Indonesian ACCD Bank with:
 - a. Customers of Indonesia LCS; or
 - b. Indonesia Non-ACCD Bank acting for the interests of Customers of Indonesia LCS, as referred to in Article 20, is required to be supported by final Underlying Transaction documents or estimated Underlying Transaction documents.
 - (3) Final Underlying Transaction documents as referred to in section (1) and section (2) are required to be received by Indonesian ACCD Bank by no later than the settlement date.
7. The provisions of Article 36 have been amended, therefore it reads as follows:

Article 36

Indonesian ACCD Bank is required to prepare and submit periodic reports related to the interests of the implementation of Rupiah and Yen LCS to Bank Indonesia.

8. The provisions of section (1) have been amended, therefore it reads as follows:

Article 37

- (1) The periodic reports as referred to in Article 36 shall include the following forms:

- a. foreign exchange transactions;
 - b. open position of yen transactions on SNA Yen;
 - c. balance and transfer positions of SNA Rupiah;
and
 - d. Financing positions.
- (2) The reports as referred to in section(1) are data for 1 (one) reporting period, namely from the 1st to the end of the month in question.

9. The provision of Article 38 has been amended, therefore it reads as follows:

Article 38

For supervisory purposes, Bank Indonesia may at any time request incidental reports from Indonesian ACCD Bank.

10. The provision of Article 39 has been amended, therefore it reads as follows:

Article 39

The preparation of periodic reports as referred to in Article 37 section (1) shall refer to Annex IV which constitutes an integral part of this Regulation of Member of Board of Governors.

11. Annex IV has been amended so that it becomes as set out in Annex IV which constitutes an integral part of this Regulation of Member of Board of Governors.

Article II

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

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

Established in Jakarta
On 5 August 2021

THE MEMBER OF THE BOARD OF
GOVERNORS,
Signed.
DESTRY DAMAYANTI

ELUCIDATION OF
REGULATION OF MEMBER OF BOARD OF GOVERNORS
NUMBER 23/14/PADG/2021
ON
THE AMENDMENT TO REGULATION OF MEMBER OF BOARD OF GOVERNORS
NUMBER 22/20/PADG/2020 ON THE SETTLEMENT FOR BILATERAL
TRANSACTIONS BETWEEN INDONESIA AND JAPAN USING RUPIAH AND YEN
THROUGH BANK

I. GENERAL

Bank Indonesia and Japan authorities have reached an agreement to encourage the use of rupiah and yen for the settlement of bilateral transaction between Indonesia and Japan. This is part of an effort to reduce dependence on certain currencies, which is expected to support the implementation of duties of Bank Indonesia in maintaining exchange rate stability.

In order to encourage the development of bilateral transaction settlement using rupiah and yen, increased flexibility and effectiveness are required in its implementation. The increase in flexibility and effectiveness will be carried out in the form of expanding the transacted instruments, increasing the Financial Transaction threshold, adjusting transaction tenors, expanding the types of Underlying documents, and simplifying reporting forms.

II. ARTICLE BY ARTICLE

Article I

Number 1

Article 18

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 (1)
Sufficiently clear.

Number 2

Article 20

Section (1)
Point a
Sufficiently clear.

Point b
The term "Indonesia Non-ACCD Bank" means a Bank in Indonesia that is not an ACCD Bank.

Section (2)

Example:

Bank B, which is an Indonesian Non-ACCD Bank, for the interest of importer A, which is a Customer of Indonesia LCS and who will make payment for the purchase of goods to an exporter in Japan, makes a purchase of JPY/IDR through a spot transaction amounting to JPY10,000,000.00 (ten million yen) to Bank C, which is an Indonesian ACCD Bank. The purchase of JPY/IDR by Bank B does not need to be proven with Underlying Transaction documents from importer A.

Section (3)

Example:

Importer B, who is an Indonesian LCS Customer according to the sales contract, has an obligation to the exporter in Japan which will mature in 1 (one) month in the amount of JPY100,000,000.00 (one hundred million yen) or the equivalent of USD 900,000.00 (nine hundred thousand United States dollars).

Based on the Underlying Transaction, importer B may

conduct a JPY/IDR purchase transaction through a forward transaction for a maximum of JPY100,000,000.00 (one hundred million yen) with a maximum period of 1 (one) month.

Section (4)

Example:

Importer C, who is an Indonesian LCS Customer, intends to settle bill from exporter X, who is a Japan LCS Customer, amounting to USD1,000,000.00 (one million United States dollars) or the equivalent of JPY110,000,000.00 (one hundred and ten million yen) with a USD/JPY exchange rate of 110.

Based on the invoice, importer C may conduct the purchase of JPY/IDR through a spot transaction amounting to JPY110,000,000.00 (one hundred and ten million yen).

Number 3

Article 22

Section (1)

Sufficiently clear.

Section (2)

Squaring position shall be carried out by Japan ACCD Bank on open positions for yen transaction against rupiah, which is carried out with Japan LCS Customers and/or Japan Non-ACCD Bank.

Example:

Importer A, who is a Customer of Japan LCS, conducts the purchase of IDR/JPY from Bank X, which is a Japan ACCD Bank, through a spot transaction of Rp1,000,000,000.00 (one billion rupiah). Then, exporter B who is a Customer of Japan LCS sells the IDR/JPY through a spot transaction of Rp600,000,000.00 (six hundred million rupiah) to Bank X. Based on that transaction, Bank X may conduct squaring position on a net basis by purchasing IDR/JPY from Indonesian ACCD Bank through a spot transaction of Rp400,000,000.00 (four hundred million rupiah) which is the difference of Rp1,000,000,000.00 (one billion rupiah) deducted by Rp600,000,000.00 (six hundred million

rupiah).

Section (3)

Sufficiently clear.

Number 4

Article 26

Sufficiently clear.

Number 5

Article 29

Section (1)

The estimated documents are documents related to plans for receipt or payment needs for current transactions and/or direct investment

Section (2)

Sufficiently clear.

Section (3)

Example:

On 2 August 2021, company A which is a Customer of Indonesia LCS that has import and export activities, made a purchase forward transaction of JPY/IDR with a period of 3 (three) months amounting to JPY200,000,000.00 (two hundred million yen) to pay the import of goods from Japan. On 2 August 2021, company A also made a sale forward transaction of JPY/IDR with a period of 3 (three) months amounting to JPY80,000,000.00 (eighty million yen) to sell foreign exchange export proceeds to Japan. Based on each transaction, company A must submit Underlying Transaction documents as follows:

1. import estimated payment document of JPY200,000,000.00 (two hundred million yen); and
2. estimated export receipts document of JPY80,000,000.00 (eighty million yen).

Number 6

Article 30

Section (1)

Example:

Indonesian ACCD Bank shall conduct spot transactions of JPY/IDR with Indonesian LCS Customers or Indonesian Non-ACCD Bank. Indonesian Non-ACCD Bank is required to submit Underlying Transaction documents including letters of credit or invoice that presents the trade or investment transactions between Indonesia and Japan.

Section (2)

Example:

Indonesian ACCD Bank performs a forward transaction of JPY/IDR with an Indonesian LCS Customer.

Indonesian ACCD Bank is required to request the Indonesian LCS Customer to submit the final or estimated Underlying Transaction documents. Final documents shall include letter of credit or invoice. Meanwhile, estimated documents shall be in the form of a cash flow projection which shows the estimated receipts or payment needs.

Section (3)

Example:

Indonesian ACCD Bank performs a forward transaction of JPY/IDR with an Indonesian LCS Customer for a tenor of 1 (one) year on 1 June 2020 for import purposes from Japan. Indonesian LCS Customers have time until the settlement date, which is 1 June 2021, to provide Underlying Transaction documents, including importer-exporter sales contracts, import of goods invoices and/or bill of lading, or estimated Underlying Transaction documents from Indonesian LCS Customers which include estimated import payments for a maximum of 1 (one) year.

Number 7

Article 36

Sufficiently clear.

Number 8

Article 37

Section (1)

Point a

The term "Foreign exchange transactions" mean data on rupiah and foreign exchange transactions against yen carried out by Indonesian ACCD Bank with other ACCD Banks, Non-ACCD Bank, and/or Indonesian LCS Customers, for the purposes of implementation of Rupiah and Yen LCS.

Point b

The term "Open position of yen transaction" means data on open position of yen at the end of the Day which is the net difference between the purchase and sale of yen against the rupiah from tod, tom, spot, forward, and/or domestic non-deliverable forward transactions

Point c

The term "Balance and mutation positions of SNA Rupiah" means data on the end-of-day balance and daily transfer details of SNA Rupiah.

Point d

The term "Financing position" means data on the daily position of Financing (outstanding amount) data.

Section (2)

Sufficiently clear.

Number 9

Article 38

Sufficiently clear.

Number 10

Article 39

Sufficiently clear.

Number 11

Sufficiently clear.

Article II

Sufficiently clear.

