

REGULATION OF MEMBER OF BOARD OF GOVERNORS
NUMBER 23/16/PADG/2021 OF 2021
ON
THE SETTLEMENT FOR BILATERAL TRANSACTIONS BETWEEN INDONESIA
AND CHINA USING RUPIAH AND YUAN THROUGH BANK

BY THE BLESSINGS OF ALMIGHTY GOD

MEMBER OF BOARD OF GOVERNOR OF BANK INDONESIA,

- Considering :
- a. that an effort to maintain the stability of the rupiah exchange rate may be conducted by reducing dependence on certain currencies;
 - b. that to reduce dependence on certain currencies, Bank Indonesia and the People's Bank of China cooperate to encourage the settlement of bilateral transactions using rupiah and yuan through bank;
 - c. that in order for the implementation of cooperation between Bank Indonesia and the People's Bank of China to run well and in a structured manner, implementing regulations are needed as guidelines for banks and market players in the financial market;
 - d. that based on the considerations referred to in point a, point b, and point c, it has been deemed necessary to enact Regulation of Member of Board of Governors on the Settlement for Bilateral Transactions between Indonesia and China Using Rupiah and Yuan 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 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 CHINA USING RUPIAH AND YUAN THROUGH BANK.

CHAPTER I GENERAL PROVISIONS

Article 1

1. Bank means a 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 that are domiciled overseas.
2. Settlement for Bilateral Transaction Using Rupiah and Yuan (Local Currency Settlement), hereinafter referred to as Rupiah and Yuan LCS, means settlement bilateral for transactions by entities in Indonesia and China using rupiah and yuan, both onshore yuan and offshore yuan.
3. Bank Appointed to Implement Currency Transactions or Appointed Cross Currency Dealer Bank, hereinafter referred to as ACCD Bank, means an appointed bank to settle certain financial activities and transactions for the purpose of implementation of Rupiah and Yuan LCS .
4. Indonesian ACCD Bank means ACCD Bank in Indonesia.
5. Chinese ACCD Bank means ACCD Bank in China.
6. Rupiah Special Purpose Non-Resident Account , hereinafter referred to as Rupiah SNA, means a special account owned by a Chinese ACCD Bank denominated in rupiah, opened in Indonesian ACCD Bank for the purpose of implementation of Rupiah and Yuan LCS .
7. Rupiah Sub-Special Purpose Non-Resident Account , hereinafter referred to as Rupiah Sub-SNA, means a special account owned by China LCS customer denominated in rupiah opened in a Chinese ACCD Bank for the purpose of implementation of Rupiah and Yuan LCS.
8. Yuan Special Purpose Non-Resident Account, hereinafter referred to as Yuan SNA, means a special account owned by Indonesian ACCD Bank denominated in yuan opened in Chinese ACCD Bank for the purpose of implementation of Rupiah and Yuan LCS .
9. Yuan Sub-Special Purpose Non-Resident Account, hereinafter referred to as Yuan Sub-SNA, means a special account owned by Indonesian LCS customer denominated in yuan opened in Indonesian

ACCD Bank for the purpose of implementation of Rupiah and Yuan LCS .

10. Underlying Transaction means all economic activities that underlie Rupiah and Yuan LCS implementation.
11. Financing means financing provided by an Indonesian ACCD Bank to LCS customer in Indonesia.
12. Indonesian LCS Customer means a party who conducts Underlying Transaction with Chinese LCS Customer.
13. Chinese LCS Customer means a party who conducts Underlying Transaction with Indonesian LCS Customer.
14. Financial Transaction means a transaction in yuan or foreign currency against rupiah.
15. Corporate Action means merger, consolidation, spinoff, and/or integrations.
16. Day means business day.

CHAPTER II INDONESIAN ACCD BANK

Part One

Criteria for Appointment of Indonesian ACCD Bank

Article 2

An Indonesian ACCD Bank is appointed by Bank Indonesia by taking the following into account:

- a. soundness condition of the Bank;
- b. Bank's ability to facilitate financial activities and Financial Transactions between Indonesia and China;
- c. Bank's ability to establish business relationships with banks in Indonesia and China;
- d. access to the Bank's office network in Indonesia, or have a parent or branch in China and recommended by the People's Bank of China; and
- e. other criteria determined by Bank Indonesia in collaboration with the People's Bank of China.

Part Two

Application as Indonesian ACCD Bank

Article 3

- (1) The Bank submits an application letter to become Indonesian ACCD Bank to Bank Indonesia.
- (2) The application letter referred to in section (1) shall at least contain information on the Bank's readiness to become Indonesian ACCD Bank.
- (3) The example of the application letter is contained in Annex I which is an integral part of this Regulation of Member of Board of Governors.
- (4) Bank Indonesia grants approval for the appointment of the Bank as Indonesian ACCD Bank.

CHAPTER III FINANCIAL ACTIVITIES OF INDONESIAN ACCD BANK

Part One Rupiah SNA

Article 4

- (1) Indonesian ACCD Bank receives a request for the opening of Rupiah SNA from a Chinese ACCD Bank.
- (2) Indonesian ACCD Bank may only open 1 (one) Rupiah SNA for each Chinese ACCD Bank.
- (3) Indonesian ACCD Bank may provide interest or profit-sharing for Rupiah SNA.

Article 5

The total balance of Rupiah SNA owned by a Chinese ACCD Bank in all Indonesian ACCD Banks shall be limited to a maximum of Rp1,250,000,000,000.00 (one trillion two hundred and fifty billion rupiah) at the end of the Day.

Article 6

- (1) Indonesian ACCD Bank shall monitor to ensure that the Rupiah SNA balance does not exceed the amount as referred to in Article 5 at the end of the Day.
- (2) The balance of Rupiah SNA referred to in section (1) may exceed the amount of the balance as referred to in Article 5 as long as the Indonesian ACCD Bank receives a document from Chinese ACCD Bank proving that the excess balance will be used to pay the obligation of Underlying Transaction on the following Day.

Part Two Yuan Sub-SNA

Article 7

- (1) Indonesian ACCD Bank receives a request for the opening of Yuan Sub-SNA from Indonesian LCS Customer.
- (2) Yuan Sub-SNA as referred to in section (1) is limited to Indonesian LCS Customer.
- (3) Indonesian ACCD Bank may provide interest or profit-sharing for Yuan Sub-SNA.

Article 8

- (1) Indonesian LCS Customer may manage the Yuan Sub-SNA balance derived from the results of Underlying Transaction by investing in financial instruments in yuan in China.
- (2) Investment in financial instruments in yuan in China as referred to in section (1) is prohibited in the form of:
 - a. deposits;

- b. savings;
 - c. certificate of deposit; or
 - d. other equated forms.
- (3) Indonesian LCS Customer may transfer the principal and/or investment proceeds referred to in section (1) to the Yuan Sub-SNA owned by Indonesian LCS Customer.
 - (4) Indonesian LCS Customer may make yuan deposits to Yuan Sub-SNA and yuan withdrawals from Yuan Sub-SNA in cash in Indonesia.

Part Three Yuan SNA

Article 9

- (1) Indonesian ACCD Bank may open Yuan SNA in Chinese ACCD Bank
- (2) Indonesian ACCD Bank may only open 1 (one) Yuan SNA at each Chinese ACCD Bank (one-to-many relationship).

Article 10

- (1) Indonesian ACCD Bank may manage the Yuan SNA balance through:
 - a. investment in financial instruments in yuan in China; and/or
 - b. conversion to rupiah currency in the balance derived from transactions with Chinese ACCD Bank (passive position).
- (2) Investment in financial instruments in yuan in China as referred to in section (1) point a is prohibited in the form of:
 - a. deposits;
 - b. savings;
 - c. certificate of deposit; or
 - d. other equated forms.
- (3) Indonesian ACCD Bank may transfer the principal and/or investment proceeds as referred to in section (1) back to the Yuan SNA owned by Indonesian ACCD Bank.

Part Four Rupiah Sub-SNA

Article 11

- (1) Chinese LCS Customer may manage the Rupiah Sub-SNA balance derived from the results of Underlying Transaction by investing in financial instruments in rupiah in Indonesia.
- (2) Indonesian ACCD Bank is required to implement Chinese LCS Customer order through Chinese ACCD Bank to invest in financial instruments in rupiah in Indonesia using Rupiah Sub-SNA funds.
- (3) Investment in financial instruments in rupiah in Indonesia referred to in section (1) is prohibited in the form of:

- a. deposits;
 - b. savings;
 - c. certificate of deposit; or
 - d. other equated forms.
- (4) Indonesian ACCD Bank may carry out the Chinese LCS Customer order through Chinese ACCD Bank to receive the transfer of principal and/or investment proceeds referred to in section (2) back to the Rupiah Sub-SNA owned by Chinese LCS Customer.

Article 12

Chinese LCS Customer may not make rupiah deposits into Rupiah Sub-SNA and rupiah withdrawals from Rupiah Sub-SNA in cash in China.

Part Five

Receipt of Rupiah Transfer

Article 13

Banks that receive rupiah funds addressed to a rupiah account owned by rupiah account owned by non-residents from:

- a. Chinese ACCD Bank; or
 - b. Indonesian ACCD Bank,
- must obtain the Underlying Transaction for the receipt of such rupiah funds.

Part Six

Financing

Paragraph 1

Article 14

- (1) Indonesian ACCD Bank may provide Financing in yuan to Indonesian LCS Customer.
- (2) The Financing referred to in section (1) is required to be provided for:
 - a. trade financing activities; and/or
 - b. direct investment financing.

Article 15

- (1) The Financing referred to in Article 14 section (1) is required to have the Underlying Transaction as evidenced by the Underlying Transaction documents.
- (2) The Underlying Transaction documents referred to in section (1):
 - a. are final;
 - b. may be denominated in other than yuan or rupiah; and
 - c. shall be received by Indonesian ACCD Bank no later than at the time of submission for financing.
- (3) Financing that uses the Underlying Transaction documents in currency denomination other than

yuan referred to in section (2) point b is required to be stated in yuan and paid in yuan.

Paragraph 2 Provision of Financing Funds

Article 16

Funds in yuan for Financing referred to in Article 14 section (1) shall be provided from:

- a. funds in yuan that have been owned by Indonesian ACCD Bank;
- b. yuan swap transactions against rupiah or foreign currency with other Indonesian ACCD Banks and/or Chinese ACCD Bank; and/or
- c. direct borrowing in yuan from other Indonesian ACCD Banks and/or Chinese ACCD Bank.

Article 17

- (1) The swap transactions referred to in Article 16 point b and direct borrowing referred to in Article 16 point c are required to be carried out with Underlying Transaction in the form of a document of provision of Financing.
- (2) The period of direct borrowing referred to in Article 16 point c is prohibited from exceeding the period of the Underlying Transaction and from exceeding 1 (one) year.

Paragraf 3 Financing to Chinese LCS Customer

Article 18

In supporting Chinese ACCD Bank to provide financing in rupiah to Chinese LCS Customer, Indonesian ACCD Bank may conduct:

- a. yuan swap transaction against rupiah or foreign currency with other Indonesian ACCD Banks and/or Chinese ACCD Bank; and/or
- b. the placement of rupiah in Chinese ACCD Bank.

Article 19

- (1) The swap transaction referred to in Article 18 point a and rupiah placement referred to in Article 18 letter b is required to have Underlying Transaction in the form of a document of provision of financing.
- (2) The period of rupiah placement referred to in Article 18 point b may not exceed the period of the Underlying Transaction and a period of 1 (one) year.

CHAPTER IV FINANCIAL TRANSACTIONS OF INDONESIAN ACCD BANK

Part One Domestic Non-Deliverable Forward Transactions

Article 20

Rupiah and Yuan LCS are exempted from the prohibition from conducting domestic non-deliverable forward transaction in China in yuan currency against rupiah.

Part Two Transactions of Yuan against Rupiah

- Article 21
- (1) Indonesian ACCD Bank may conduct a transaction of yuan against 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 stipulated by Bank Indonesia.
 - (2) Indonesian ACCD Bank may conduct the transaction of yuan against rupiah referred to in section (1) with:
 - a. other Indonesian ACCD Banks;
 - b. Chinese ACCD Bank;
 - c. Indonesian LCS customer;
 - d. non-Indonesian ACCD Bank that serve the interest of Indonesian LCS Customer; and/or
 - e. non-Chinese ACCD Bank for the benefit of squaring position.
 - (3) The settlement for the transaction of yuan against rupiah referred to in section (1) may be conducted through the transfer of principal funds in a gross basis or net basis.

- Article 22
- (1) The transaction of yuan against rupiah referred to in Article 21 section (1) is required to be conducted with Underlying Transaction.
 - (2) Transactions aimed at reducing yuan exposure resulting from transactions with Chinese ACCD Bank (passive position) shall be exempted from the Underlying Transaction obligation.
 - (3) Underlying Transaction referred to in section (1) may be denominated in other than yuan or rupiah.
 - (4) The transaction of yuan against rupiah in the form of spot referred to in Article 21 section (1) point a is required to be conducted with the final Underlying Transaction documents.

- (5) The transaction of yuan against rupiah other than spot transactions referred to in Article 21 section (1) point a is required to be conducted with final Underlying Transaction documents or estimated Underlying Transaction documents.
- (6) Underlying Transaction documents referred to in section (1) are received by Indonesian ACCD Bank no later than the settlement date.

Part Three Adjustment of Financial Transactions

Article 23

- (1) Transactions of yuan against rupiah referred to in Article 21 section (1) may be adjusted in the form of:
 - a. rollover;
 - b. early termination; or
 - c. unwind.
- (2) The example of transaction adjustments referred to in section (1) is contained in Annex II which constitutes an integral part of this Regulation of Member of Board of Governors.

Article 24

- (1) The adjustment of transactions referred to in Article 23 section (1) may be made by using the same Underlying Transaction documents with the initial transaction.
- (2) The adjustment of transactions referred to in section (1), is required to be made with the same counterparty as the initial transaction.

CHAPTER V UNDERLYING TRANSACTIONS

Part One Types of Underlying Transactions

Article 25

Underlying Transaction for Rupiah and Yuan LCS transactions are:

- a. current transactions between Indonesian LCS Customer and Chinese LCS Customer in the form of:
 - 1. goods and services trade activities between Indonesia and China;
 - 2. primary income transactions which include:
 - a. transaction of receipt and payment of workers compensation; and
 - b. invest income from:
 - 1) direct investment;
 - 2) portofolio investment; and/or
 - 3) other investments; and
 - 3. secondary income transactions which include:

- a. revenue and payment from the government sector;
 - b. revenue and payment from other sectors including remittances; and
 - c. other similar transactions, but excluding grants, gifts, donations, and/or other comparable form;
- b. direct investment activities between Indonesian LCS Customer and Chinese LCS Customer in the form of:
 - 1. investment between Indonesian LCS Customer and Chinese LCS Customer, with the following restrictions:
 - a. for investments in Indonesia, the equity owned by Chinese LCS Customer shall be at least 10% (ten percent); or
 - b. for investments in China, the equity owned by Indonesian LCS Customer shall be at least 10% (ten percent); or
 - 2. inter-company loans within the same group; or
- c. other Underlying Transaction.

Part Two

Underlying Transaction Documents

Article 26

- (1) Underlying Transaction documents may be in the form of:
 - a. final Underlying Transaction documents; or
 - b. estimated Underlying Transaction documents.
- (2) The details of the Underlying Transaction documents referred to in section (1) are contained in Annex III which constitutes an integral part of this Regulation of Member of Board of Governors.

Article 27

- (1) The amount in the estimated Underlying Transaction documents referred to in Article 26 section (1) point b is calculated based on the planned revenue or payment needs of the current transaction or direct investment.
- (2) The period in the estimated Underlying Transaction documents referred to in section (1) may not exceed the period of the current transaction or direct investment.
- (3) The estimated Underlying Transaction documents referred to in section (1) are required to be made for each Underlying Transaction.

Part Three

Limitation on Amount and Period of Transaction

Article 28

- (1) The amount of a transaction of yuan against rupiah is prohibited from exceeding the amount of the Underlying Transaction.

- (2) The period for a transaction of yuan against rupiah is prohibited from exceeding the Underlying Transaction period.

CHAPTER VI CROSS-BORDER PAYMENT

Article 29

- (1) Underlying Transaction referred to in Article 25 point a includes current transaction activities conducted through cross-border payment.
- (2) Payment system organizers that provide cross-border payment facilities referred to in section (1) are required to use the Indonesian ACCD Bank to:
 - a. open Yuan Sub-SNA; and
 - b. carry out transactions of yuan against rupiah.

CHAPTER VII PRICE QUOTATION

Article 30

- (1) Indonesian ACCD Bank is required to submit spot and forward yuan quotation against the rupiah with the following provisions:
 - a. conducted in information-providing facilities; and
 - b. delivered at least 1 (one) time every Day.
- (2) The yuan price quotation against the rupiah referred to in section (1) must:
 - a. reflect fair prices that occur in the foreign exchange market; and
 - b. be transactable and executable.
- (3) Indonesian ACCD Bank is required to use the price quotation referred to in section (1) as a reference to conduct transactions of yuan against rupiah.

CHAPTER VIII EVALUATION AND TERMINATION OF THE APPOINTMENT OF INDONESIAN ACCD BANK

Part One Evaluation

Article 31

- (1) Bank Indonesia may evaluate Indonesian ACCD Bank.
- (2) The evaluation referred to in section (1) is carried out by considering the business development of Indonesian ACCD Bank for the interest of Rupiah and Yuan LCS implementation as well as the compliance of Indonesian ACCD Bank with the provisions of Bank Indonesia Regulation on the settlement for bilateral transactions using foreign currency through bank.

Part Two
Termination of Appointment of Indonesian ACCD Bank

Article 32

- (1) Bank Indonesia may terminate the appointment of the Bank as Indonesian ACCD Bank.
- (2) Termination of the appointment of the Bank as Indonesian ACCD Bank referred to in section (1) shall be conducted:
 - a. based on the evaluation results of Bank Indonesia;
 - b. in the event that the business license of Indonesian ACCD Bank is revoked by the authorized authority;
 - c. in the event that Indonesian ACCD Bank undertakes a Corporate Action and Indonesian ACCD Bank is not the Bank as a result of the Corporate Action; or
 - d. based on the request of Indonesian ACCD Bank itself.

Article 33

- (1) Indonesian ACCD Bank is required to submit a notification letter to Bank Indonesia in the event that:
 - a. is in the process repeal of business license referred to in Article 32 section (2) point b ; or
 - b. will undertake the Corporate Action as referred to in Article 32 section (2) point c.
- (2) Indonesian ACCD Bank is required to submit a decree on the revocation of the license or Corporate Action to Bank Indonesia in the event that it has obtained a license, approval or recommendation from the authority in relation to:
 - a. repeal of the business license by the authorized authority;
 - b. the Corporate Action; or
 - c. repeal of the business license on its own initiative (self-liquidation).
- (3) The example of the notification letter referred to in section (1) is contained in Annex IV which constitutes an integral part of this Regulation of the Member of the Board of Governors.

Article 34

In the event that the Bank resulting from the Corporate Action is not Indonesian ACCD Bank and intends to become an Indonesian ACCD Bank, Bank must submit an application for the appointment as Indonesian ACCD Bank referred to in Article 3.

Article 35

- (1) Bank Indonesia shall deliver a letter of termination of the appointed Bank as Indonesian ACCD Bank to Indonesian ACCD Bank based on the considerations referred to in Article 32 section (2).

- (2) Bank whose appointment has been terminated as an Indonesian ACCD Bank, is required to immediately notify its customers on:
 - a. termination of appointment of the Bank as Indonesian ACCD Bank; and
 - b. rights and obligations settlement mechanism for:
 - 1. closing of Yuan SNA, and/or Yuan Sub-SNA;
 - 2. financing settlement; and
 - 3. other matters relating to Bank transactions with Indonesian LCS Customer for the purpose of implementation of Rupiah and Ringgit LCS.
- (3) Bank whose appointment has been terminated as Indonesian ACCD Bank may not engage in any activities and Financial Transactions for the purpose of Rupiah and Yuan LCS implementation, except transactions relating to the settlement mechanism of customers' rights and obligations referred to in section (2) point b.

CHAPTER IX REPORTING PROCEDURES

Part One Report Submission

Article 36

Indonesian ACCD Bank is required to submit a periodic report relating to the Rupiah and Yuan LCS implementation to Bank Indonesia.

Article 37

- (1) The periodic report as referred to in Article 36 shall include the following reports:
 - a. foreign exchange transactions;
 - b. yuan open positions on Yuan SNA;
 - c. balance and mutation of Rupiah SNA; and
 - d. Financing position.
- (2) The periodic report referred to in section (1) shall contain data for 1 (one) report period, namely from the 1st day to the end of the relevant month.
- (3) In the event that there are no transactions and/or positions for each periodic report as referred to in section (1) in 1 (one) report period, the said report shall still be submitted in the form of a header.
- (4) The preparation of the periodic report referred to in section (1) shall refer to Annex V which constitutes an integral part of this Regulation of Member of Board of Governors.

Article 38

For the purposes of supervision, Bank Indonesia may at any time request an incidental report to the Indonesian ACCD Bank.

Part Two Report Correction

Article 39

In the event that there is an error in the report submitted by Indonesian ACCD Bank to Bank Indonesia, Indonesian ACCD Bank must submit a correction to the report error.

Part Three Report Submission Period

Article 40

- (1) The report referred to in Article 37 and/or the corrected report referred to in Article 39 are required to be submitted to Bank Indonesia no later than the 14th day of the following month.
- (2) In the event that the 14th day referred to in section (1) falls on a holiday, the report and/or corrected report are required to be submitted on the following Day.
- (3) Indonesian ACCD Bank is declared to have submitted the report and/or corrected report on the date of receipt of the report and/or corrected report.

Part Four Technical Disruption and Force Majeure

Paragraph 1 Technical Interruption

Article 41

- (1) In the event that Indonesian ACCD Bank experiences a technical disruption in submitting the report, the Indonesian ACCD Bank is required to immediately submit a written notice to Bank Indonesia accompanied by supporting evidence.
- (2) In the event that Indonesian ACCD Bank experiences a technical disruption in submitting the report and/or corrected report on the due date for report submission, Indonesian ACCD Bank is required to submit the report and/or corrected report no later than the following Day after the technical disruption is resolved.

Paragraph 2 Force Majeure

Article 42

- (1) In the event that Indonesian ACCD Bank experiences force majeure, Indonesian ACCD Bank

shall be exempted from the obligation to submit the report referred to in Article 37 and/or the corrected report referred to in Article 39 and submission of the report after technical disruption referred to in Article 41 section (2).

- (2) Indonesian ACCD Bank which experiences force majeure referred to in section (1) is required to submit the report and/or corrected report no later than 5 (five) Days after Indonesian ACCD Bank resumes normal operational activities.

Article 43

- (1) (1) Correspondence relating to the appointment of Indonesian ACCD Bank, the implementation of Rupiah and Yuan LCS, and the termination of the Indonesian ACCD Bank shall be submitted to :
Department of Financial Market Development
Bank Indonesia
Jalan MH. Thamrin Nomor 2
Jakarta Pusat – 10350
Electronic mail: DPPK-APValas@bi.go.id and DPPK-PP@bi.go.id.
- (2) Correspondence relating to reporting must be delivered to:
Department of Report Management and Compliance
Bank Indonesia
Jalan MH. Thamrin Nomor 2
Jakarta Pusat – 10350
Electronic mail: laporan_accd@bi.go.id
- (3) The report and/or corrected report shall be submitted offline in the event that an online reporting system is not available yet.
- (4) Online reporting is required to comply with the provisions of Regulation Bank Indonesia on integrated commercial bank reports.
- (5) In the event that there is a change to the correspondence address as referred to in section (1) and section (2), Bank Indonesia shall inform such change of address through mail and/or other media.

CHAPTER XI

PROCEDURES FOR IMPOSITION OF SANCTIONS

Article 44

- (1) Bank Indonesia shall impose sanctions in the form of written reprimands to any Indonesian ACCD Bank that violates the provisions of Bank Indonesia Regulation on the settlement for bilateral transactions using local currency through bank.
- (2) The written reprimand referred to in section (1) shall be delivered through a letter with a carbon copy notation to the relevant authorities.

CHAPTER XII
CLOSING PROVISIONS

Article 45

This Regulation of Member of Board of Governors comes into force on the date of its issued. In order that every person may know hereof, it is ordered to promulgate this Regulation of Member of Board of Governors by its placement in Bulletin Gazette of the Republic of Indonesia.

Issued in Jakarta,
On 6 September 2021

MEMBER OF BOARD OF GOVERNORS,

Signed.

DESTRY DAMAYANTI

ELUCIDATION OF
REGULATION OF MEMBER OF BOARD OF GOVERNORS
NUMBER 23/16/PADG/2021 OF 2021
ON
THE SETTLEMENT FOR BILATERAL TRANSACTIONS BETWEEN INDONESIA
AND CHINA USING RUPIAH
AND YUAN THROUGH BANK

I. GENERAL

Bank Indonesia and the People's Bank of China have entered into an agreement to encourage the use of rupiah and yuan for the settlement for bilateral transactions between Indonesia and China. This is part of an effort to reduce dependence on certain currencies that are expected to support the implementation of the duties of Bank Indonesia in maintaining the stability of the rupiah exchange rate.

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 Bank 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.

As a guideline for the implementation of these provisions, regulation is needed to govern the implementation of financial activities and transactions through Rupiah and Yuan 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:

AAA Indonesian ACCD Bank may open 1 (one) Rupiah SNA for QQQ Chinese ACCD Bank and 1 (one) Rupiah SNA for YYY Chinese ACCD Bank.

Section (3)

The granting of interest or profit-sharing for Rupiah SNA shall be conducted in accordance with the policy of the Indonesian ACCD Bank.

Article 5

Example:

QQQ Chinese ACCD Bank has Rupiah SNA in AAA Indonesian ACCD Bank, BBB Indonesian ACCD Bank, and CCC Indonesian ACCD Bank.

The total balance of Rupiah SNA in AAA Bank, BBB Bank, and CCC Bank is at the highest Rp1,250,000,000,000.00 (one trillion two hundred and fifty billion rupiah) at the end of the Day.

Article 6

Section (1)

Example:

QQQ Chinese ACCD Bank has Rupiah SNA in AAA Indonesian ACCD Bank, BBB Indonesian ACCD Bank, and CCC Indonesian ACCD Bank.

AAA Indonesian ACCD Bank be required to monitor the balance of Rupiah SNA owned by QQQ Chinese ACCD Bank at AAA Indonesian ACCD Bank at the highest Rp1,250,000,000,000.00 (one trillion two hundred and fifty billion rupiah) at the end of the Day.

Section (2)

Example:

QQQ Chinese ACCD Bank has Rupiah SNA at AAA Indonesian ACCD Bank.

At the end of the Day on 1 September 2021, the total balance of Rupiah SNA owned by QQQ Chinese ACCD Bank in AAA Indonesian ACCD Bank amounts to Rp1,300,000,000,000.00 (one trillion three hundred billion rupiah).

QQQ Chinese ACCD Bank shall deliver a document proving that the excess balance will be used to pay the obligations of the Underlying Transaction on 2 September 2021.

Article 7

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

The granting of interest or profit-sharing for Yuan SNA shall be conducted in accordance with the policy of the Indonesian ACCD Bank.

Article 8

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Example:

ABC Indonesian LCS Customer purchases shares on the China exchange amounting to CNY1,000,000.00 (one million yuan) by using funds in Yuan Sub-SNA.

ABC Indonesian LCS Customer then sell all of the China shares for a price of CNY1,100,000.00 (one million one hundred thousand yuan).

The funds from the sale of shares may be transferred back to Yuan Sub-SNA owned by ABC Indonesian LCS Customer at Indonesian ACCD Bank.

Section (4)

Sufficiently clear.

Article 9

Section (1)

Sufficiently clear.

Section (2)

Example:

AAA Indonesian ACCD Bank may open 1 (one) Yuan SNA account in QQQ Chinese ACCD Bank and 1 (one) Yuan SNA account in YYY Chinese ACCD Bank.

Article 10

Section (1)

The term “passive position” means yuan position owned by Indonesian ACCD Bank from the sale transaction of CNY/IDR by the Chinese ACCD Bank to meet its rupiah needs.

Example:

AAA Indonesian ACCD Bank purchases Chinese government bonds/securities amounting to CNY1,000,000.00 (one million yuan) with funds in Yuan SNA.

Section (2)

Sufficiently clear.

Section (3)

Example:

AAA Indonesian ACCD Bank invests in China government securities amounting to (thirty million yuan) with a coupon of 3% (three percent) per year.

On the due date of the coupon payment, AAA Indonesian ACCD Bank will receive a coupon of CNY225,000.00 (two hundred and twenty-five thousand yuan). The revenue from the coupon may be

transferred to the Yuan SNA account owned by AAA Indonesian ACCD Bank.

Article 11

Section (1)

Sufficiently clear.

Section (2)

Example:

AAA Indonesian ACCD Bank must order XYZ Chinese LCS Customer throught QQQ Chinese ACCD Bank to invest in the form of share purchases in Indonesia amounting to Rp100,000,000,000.00 (one hundred billion rupiah) using the balance of Rupiah Sub-SNA.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Article 12

Sufficiently clear.

Article 13

Example:

XYZ Chinese LCS Customer conducts purchase spot transaction of CNY/IDR amounting to Rp700,000,000.00 (seven hundred million rupiah) with QQQ Chinese ACCD Bank.

XYZ Chinese LCS Customer shall instruct QQQ Chinese ACCD Bank to transfer the rupiah to a rupiah account owned by a non-resident of FGH, Ltd. at FFF non-Indonesian ACCD Bank.

FFF non-Indonesian ACCD Bank must request the Underlying Transaction for the revenue from the rupiah funds.

Article 14

Sufficiently clear.

Article 15

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Example:

ABC Indonesian LCS Customer conducts purchases of goods amounting to USD100,000.00 (one hundred thousand United States dollars) from a Chinese LCS Customer.

ABC Indonesian LCS Customer shall open the letter of credit in AAA Indonesian ACCD Bank to settle the invoice from the Chinese LCS Customer amounting to USD100,000.00 (one hundred thousand United States dollars) or the equivalent of CNY10,800,000.00 (ten million eight hundred thousand yuan).

Based on invoice, AAA Indonesian ACCD Bank may provide Financing to the Indonesian LCS Customer amounting to CNY10,800,000.00 (ten million eight hundred thousand yuan) which will be used to settle the invoice.

Article 16

Point a

Sufficiently clear.

Point b

Yuan swap transactions against the rupiah or foreign exchange shall be conducted on agreed trading platforms such as the China Foreign Exchange Trading System (CFETS).

Point c

Sufficiently clear.

Article 17

Sufficiently clear.

Article 18

Sufficiently clear.

Article 19

Sufficiently clear.

Article 20

Sufficiently clear.

Article 21

Sufficiently clear.

Article 22

Section (1)

Sufficiently clear.

Section (2)
Sufficiently clear.

Section (3)
Sufficiently clear.

Section (4)
The Indonesian ACCD Bank conducts a spot transaction of CNY/IDR with an Indonesian LCS Customer. The Indonesian LCS Customer is required to submit final Underlying Transaction documents such as letters of credit or invoices relating to trade or investment transactions between Indonesia and China.

Section (5)
Example:
Indonesian ACCD Bank conducts a forward transaction of CNY/IDR with Indonesian LCS Customer.
Indonesian LCS Customer shall submit an estimated Underlying Transaction document such as a cash flow projection which shows the estimated revenue or payment needs.

Section (6)
Example:
On 1 August 2021, Indonesian ACCD Bank conducted a forward transaction of CNY/IDR with a period of 1 (one) year with an Indonesian LCS Customer for tenor of 1 (one) year for import purposes from China.
Indonesian LCS Customer may submit the Underlying Transaction documents until the settlement date, which was 1 August 2022.

Article 23
Sufficiently clear.

Article 24
Sufficiently clear.

Article 25
Point a

Sufficiently clear.

Point b

Number 1

The term “Investment” means a long-term investment and does not include short-term shares trading.

Number 2

Companies in the same group include, among other things:

- a. parent company;
- b. head office;
- c. branch office;
- d. subsidiaries with ownership of more than 50% (fifty percent);
- e. associate company with shares ownership between 10% (ten percent) and 50% (fifty percent); or
- f. sister company is an entity owned by the same shareholder, more than 10% (ten percent) of share ownership.

Point c

Sufficiently clear.

Article 26

Section (1)

Point a

The term “Final Underlying Transaction document” means a legally binding document that indicates the obligation to pay or the right to receive payment with a nominal amount that does not change.

Point b

The term “Estimated Underlying Transaction document” means a document indicating the estimated payment needs or receipt of payment.

Section (2)

Sufficiently clear.

Article 27

Section (1)

Sufficiently clear.

Section (2)
Sufficiently clear.

Section (3)

Example:
ABC Indonesian LCS Customer has import and export activities.
ABC Indonesian LCS Customer conducts a forward purchase transaction of CNY/IDR with a period of 3 (three) months of CNY10,000,000.00 (ten million yuan) to pay for imported purchases of goods from China.
ABC Indonesian LCS Customer then conducts a forward sales transaction of CNY/IDR with a period of 3 (three) months amounting to CNY2,000,000.00 (two million yuan) to sell foreign export proceeds to China.
ABC Indonesian LCS Customer must submit the following Underlying Transaction documents:
1. estimated import payment document amounting to CNY10,000,000.00 (ten million yuan); and
2. estimated export revenue document amounting to CNY2,000,000.00 (two million yuan).

Article 28

Section (1)
Example:
ABC Indonesian LCS Customer in accordance with the sales contract has an obligation to an exporter in China amounting to CNY5,000,000.00 (five million yuan).
Based on the Underlying Transaction, ABC Indonesian LCS Customer may conduct a purchase transaction of CNY/IDR for a maximum of CNY5,000,000.00 (five million yuan).

Section (2)
Example:
ABC Indonesian LCS Customer in accordance with the sales contract has an obligation to an exporter in China that will mature within 1 (one) month.
Based on Underlying Transaction, Indonesian LCS Customer may conduct

a derivative transaction of CNY/IDR for a maximum period of 1 (one) month.

Article 29

Section (1)

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

Section (2)

The term "Payment system organizer" means a party that has obtained a permit/stipulation to conduct payment system activities, referring to the provisions of Bank Indonesia Regulation on payment system.

Article 30

Section (1)

Point a

The term "Information-providing facilities" shall include, among other things, facilities provided by the China Foreign Exchange Trading System (CFETS), Refinitiv, and Bloomberg.

Point b

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 31

Section (1)

Bank Indonesia may request input and information from the People's Bank of China in evaluating the Indonesian ACCD Bank.

Section (2)

Consideration regarding the business development of Indonesian ACCD Bank for the purpose of implementation of Rupiah and Yuan LCS as well as the compliance of Indonesian ACCD Bank with the provisions of Regulation of Bank Indonesia on Rupiah and Yuan LCS shall be obtained based

on supervision results carried out by Bank Indonesia and/or the coordination results between Bank Indonesia and other relevant authorities.

Article 32

Sufficiently clear.

Article 33

Section (1)

The notification letter must be accompanied by supporting evidence, including the results of the general meeting of shareholders (Rapat Umum Pemegang Saham/RUPS) relating to the Corporate Action Plan.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 34

Sufficiently clear.

Article 35

Sufficiently clear.

Article 36

Sufficiently clear.

Article 37

Section (1)

Point a

The term "Foreign exchange transaction" means data on the transaction of yuan against rupiah and foreign currency conducted by Indonesian ACCD Bank for the purposes of implementation of Rupiah and Yuan LCS .

Point b

The term “Yuan open position” means yuan open position data at the end of the Day which is the net difference between the yuan purchase and sale

against the rupiah outright from today, tomorrow, spot, and/or forward transactions.

Point c

The term "Rupiah SNA balance and mutation" means end-of-Day balance and daily mutation of Rupiah SNA.

Point d

The term “Financing position” means daily position data of the Financing.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Article 38

Sufficiently clear.

Article 39

Example:
AAA Indonesian ACCD Bank has submitted a report for November 2021. In January 2022, AAA Indonesian ACCD Bank realized that there was an error in filling out one line of the Financing position form.
AAA Indonesian ACCD Bank is required to re-submit all information in the Financing position report which includes the corrected lines and other uncorrected lines.

Article 40

Sufficiently clear.

Article 41

Sufficiently clear.

Article 42

Section (1)

Example:

The term “Financing position” means daily position data of the FinaThe region where AAA Indonesian ACCD Bank is domiciled experienced a force majeure throughout September 2021. Therefore, AAA Bank cannot report transactions made during September 2021. Furthermore, AAA Bank shall be exempted from the obligation to submit the report in October 2021.

Section (2)

Sufficiently clear.

Article 43

Sufficiently clear.

Article 44

Sufficiently clear.

Article 45

Sufficiently clear.