

REGULATION OF MEMBER OF BOARD OF GOVERNORS  
NUMBER 24/22/PADG/2022  
ON  
IMPLEMENTING REGULATION ON SHARIA HEDGE SWAP TRANSACTIONS TO  
BANK INDONESIA

BY THE BLESSINGS OF ALMIGHTY GOD

MEMBER OF BOARD OF GOVERNORS OF BANK INDONESIA,

- Considering : a. that to reach the objective of Bank Indonesia to achieve and maintain rupiah stability, one of which is reflected in rupiah exchange rate stability, Bank Indonesia develops hedging instruments under sharia principles;
- b. that to achieve the objective as referred to in point a, Bank Indonesia develops hedging swap transactions under sharia principles as a hedging instrument to mitigate exchange rate fluctuation risk as part of monetary control;
- c. that hedging instruments under sharia principles are required to support sharia financial market development and deepening;
- d. that based on the foregoing considerations in point a, point b, and point c, it is necessary to establish Regulation of Member of Board of Governors on Implementing Regulation on Sharia Hedge Swap Transactions to Bank Indonesia;

Observing : Bank Indonesia Regulation Number 24/20/PBI/2022 on Sharia Hedge Swap Transactions to Bank Indonesia (State Gazette of the Republic of Indonesia of 2022 Number 34/BI, Supplement to State Gazette of the Republic of Indonesia Number 25/BI);

HAS DECIDED:

To enact : REGULATION OF MEMBER OF BOARD OF GOVERNORS ON IMPLEMENTING REGULATION ON SHARIA HEDGE SWAP TRANSACTIONS TO BANK INDONESIA.

## CHAPTER I GENERAL PROVISIONS

### Article 1

In this Regulation of Member of Board of Governors:

1. Bank means any commercial bank conducting business activities under sharia principles and sharia business unit, conducting business activities in foreign currencies.
2. Spot Transaction means a transaction to sell or buy foreign currencies against rupiah in foreign exchange market in cash where fund transfer is made within 2 (two) working days after a transaction date.
3. Hedging means a method or technique to reduce risks both arising and anticipated from price fluctuations in the financial market.
4. Forward Agreement (*al-Muwa'adat li 'Aqd al-Sharf al-Fawri fi al-Mustaqbal*), hereinafter referred to as Forward Agreement, means agreement on Spot Transaction in a certain amount in the future at an exchange rate or exchange rate calculation agreed upon agreement conclusion.
5. Sharia Hedge Swap Transaction to Bank Indonesia means a Bank's complex purchase Hedging transaction to Bank Indonesia, which is a sequence of the Bank's selling Spot Transaction to Bank Indonesia and Forward Agreement followed by the Bank's purchase Spot Transaction to Bank Indonesia upon maturity date of Forward Agreement and the settlement in the form of currency transfer.
6. Sharia Hedge Swap Underlying Transaction, hereinafter referred to as Underlying Transaction, means an activity underlying a Sharia Hedge Swap Transaction to Bank Indonesia, which is not in contravention of sharia principles.
7. Sharia Hedging Contract means information from Bank delivered to Bank Indonesia consisting of the planned term and amount of Underlying Transaction used as Sharia Hedging Swap Underlying Transaction to Bank Indonesia, through means of communication determined by Bank Indonesia.
8. Integrated Commercial Bank Report means information prepared and submitted by a reporting bank to Bank Indonesia in an integrated manner in a uniform format and definition according to the metadata determined by the authority, including provision of financial market information and announcement.

## CHAPTER II OBJECTIVE OF SHARIA HEDGE SWAP TRANSACTIONS TO BANK INDONESIA

### Article 2

Sharia Hedge Swap Transaction to Bank Indonesia is conducted as a Hedging instrument to maintain rupiah exchange rate stability through exchange rate risk management and to encourage sharia financial market deepening.

## CHAPTER III

## CHARACTERISTICS OF SHARIA HEDGE SWAP TRANSACTIONS TO BANK INDONESIA

### Article 3

- (1) Sharia Hedge Swap Transaction to Bank Indonesia is conducted in foreign currency against rupiah.
- (2) Sharia Hedge Swap Transaction to Bank Indonesia uses *al-tahawwuth al-murakkab* agreement.
- (3) Sharia Hedge Swap Transaction to Bank Indonesia is conducted using an Underlying Transaction.
- (4) Sharia Hedge Swap Transaction to Bank Indonesia is conducted under a Sharia Hedging Contract.
- (5) The maximum term of Sharia Hedging Contract as referred to in paragraph (4) is 3 (three) years.
- (6) The maximum term of Sharia Hedging Swap Transaction to Bank Indonesia is 12 (twelve) months, calculated from 1 (one) day after a value date or transaction settlement date until the maturity date.
- (7) sharia Hedge Swap Transactions to Bank Indonesia may be extended.
- (8) Early termination may not apply to any Sharia Hedge Swap Transactions to Bank Indonesia.

## CHAPTER IV

### PARTICIPANTS, UNDERLYING TRANSACTIONS, SHARIA HEDGING CONTRACTS, AND IMPLEMENTATION OF SHARIA HEDGE SWAP TRANSACTIONS TO BANK INDONESIA

#### Part One

#### Requirements for Participants of Sharia Hedge Swap Transactions to Bank Indonesia

### Article 4

Bank which applies for Sharia Hedging Swap Transaction to Bank Indonesia must meet the following requirements:

- a. has permit as a sharia monetary operation participant in foreign currency from Bank Indonesia;
- b. has composite rank of bank soundness level of 3 (three) at the lowest according to the assessment of Financial Services Authority;
- c. is not under temporary suspension sanction to participate in monetary operation activities imposed by Bank Indonesia; and
- d. is not under participation restriction sanction in monetary operation by Bank Indonesia.

#### Part Two

#### Underlying Transaction

### Article 5

- (1) In conducting a Sharia Hedge Swap Transaction to Bank Indonesia, Bank must meet Underlying Transaction requirements.
- (2) The Underlying Transaction requirements as referred to in paragraph (1) include:
  - a. it is owned by Bank or customer;

- b. it relates to an economic activity;
  - c. it is evidenced by Underlying Transaction documents; and
  - d. it is not in contravention of sharia principles.
- (3) The Underlying Transaction relating to an economic activity as referred to in paragraph (2) point b includes:
- a. current account activities including:
    - 1. export and import of goods and/or services from and to Indonesia;
    - 2. primary income transaction;
      - a) receipt and payment of worker compensation; and
      - b) investment income from direct investment, portfolio investment, and/or any other investments; and
    - 3. secondary income transaction;
      - a) revenue and payment from the government sector; and
      - b) revenue and payment of other sectors, including remittance and other types of transactions;
  - b. financial account activities including:
    - 1. direct investment;
    - 2. portfolio investment; and
    - 3. other investments;
  - c. capital account activities;
  - d. financing from Bank to residents for trade and investment purposes;
  - e. trade of goods and services within the country; and
  - f. any other Underlying Transactions determined by Bank Indonesia.
- (4) The Underlying Transactions as referred to in paragraph (3) exclude:
- a. securities issued by Bank Indonesia;
  - b. fund placement;
  - c. un-withdrawn financing facilities; or
  - d. crypto asset.
- (5) The Underlying Transaction documents as referred to in paragraph (2) point c must be final.

#### Article 6

The types of Underlying Transaction documents as referred to in Article 5 paragraph (2) point c are specified in Annex I which constitutes an inseparable part of this Regulation of Member of Board of Governors.

#### Article 7

- (1) Bank is responsible for completeness of Underlying Transaction documents.
- (2) Bank is responsible for administering the completeness of Underlying Transaction documents as referred to in paragraph (1).

#### Article 8

- (1) Foreign currency types in Sharia Hedge Swap Transactions to Bank Indonesia are the same as the foreign currency types used in Underlying Transactions.
- (2) The term of an Underlying Transaction is the same as or longer than the term of a Sharia Hedging Contract.

#### Article 9

Bank may only use 1 (one) Underlying Transaction document for:

- a. 1 (one) Sharia Hedging Contract; and
- b. 1 (one) Sharia Hedge Swap Transaction to Bank Indonesia.

### Part Three Sharia Hedging Contract

#### Article 10

Bank applies Sharia Hedging Contract at the same time as the application of Sharia Hedging Swap Transaction to Bank Indonesia through a dealing system and/or any other means of transaction determined by Bank Indonesia.

#### Article 11

The term of Sharia Hedging Contract is calculated as from a value date or settlement date of Bank sale Spot Transaction to Bank Indonesia.

#### Article 12

- (1) A Sharia Hedging Contract application contains the following information:
  - a. Bank name;
  - b. term of Sharia Hedging Contract;
  - c. Underlying Transaction document;
  - d. term of Underlying Transaction;
  - e. foreign currency type;
  - f. nominal value of Underlying Transaction specified in a Sharia Hedging Contract; and
  - g. any other information if required.
- (2) Each application of Sharia Hedging Contract is complemented with Bank statement that all requirements for Sharia Hedge Swap Transaction to Bank Indonesia have been fulfilled.
- (3) In the event that a Sharia Hedging Contract applied by Bank does not contain the information as referred to in paragraph (1) and/or Bank does not provide the statement as referred to in paragraph (2), the Bank must correct the Sharia Hedging Contract applied within the window time of the Sharia Hedging Swap Transaction to Bank Indonesia through the means of dealing system and/or any other means of transaction determined by Bank Indonesia.
- (4) Bank may only apply 1 (one) time correction to each Sharia Hedging Contract application.
- (5) In the event Bank applies a Sharia Hedging Contract which does not meet the provisions as referred to in paragraph (1) until paragraph (4), Bank Indonesia will not proceed the process of Sharia Hedging Swap Transaction to Bank Indonesia.

- (6) Example of the application of Sharia Hedging Contract as referred to in paragraph (1) and example of Bank statement on fulfillment of requirements for Sharia Hedging Swap Transaction to Bank Indonesia as referred to in paragraph (2) are specified in Annex II which constitutes an inseparable part of this Regulation of Member of Board of Governors.

#### Article 13

Bank is responsible for the accuracy of data on Sharia Hedging Contract submitted to Bank Indonesia.

#### Article 14

A Sharia Hedging Contract will terminate in the event a Sharia Hedge Swap Transaction to Bank Indonesia terminates and is not extended by Bank.

#### Part Four

Implementation of Sharia hedge swap transactions to Bank Indonesia

#### Section 1

Window Time of Sharia Hedge Swap Transactions to Bank Indonesia

#### Article 15

- (1) A Sharia Hedge Swap Transaction to Bank Indonesia is conducted on a working day.
- (2) The window time of Sharia Hedge Swap Transaction to Bank Indonesia is between 08:00 West Indonesia Time until 16:00 West Indonesia Time or any other time determined by Bank Indonesia.

#### Article 16

- (1) Bank Indonesia may annul the window time of Sharia Hedge Swap Transactions to Bank Indonesia, except for extension of Sharia Hedge Swap Transactions to Bank Indonesia.
- (2) The announcement of window time annulment as referred to in paragraph (1) is made prior to the date of annulment of Sharia Hedge Swap Transaction to Bank Indonesia.
- (3) The announcement of window time annulment as referred to in paragraph (1) is made through the Integrated Commercial Bank Report system and/or any other information facilities used by Bank Indonesia.

#### Section 2

Announcement of Planned Sharia Hedge Swap Transactions to Bank Indonesia

#### Article 17

- (1) Planned sharia Hedge Swap Transactions to Bank Indonesia and/or their change are announced by Bank Indonesia by the transaction window time is opened.
- (2) The announcement of transaction plan as referred to in paragraph (1) is made through the Integrated Commercial

Bank Report system and/or any other information facilities used by Bank Indonesia.

#### Article 18

- (1) The announcement of planned Sharia Hedge Swap Transaction to Bank Indonesia as referred to in Article 17 contains the following information:
  - a. transaction date;
  - b. transaction window time;
  - c. foreign currency type;
  - d. term;
  - e. the minimum nominal value of application and multiples of the nominal value of application;
  - f. the value date or settlement date of Bank sale Spot Transaction to Bank Indonesia;
  - g. the value date or settlement date of Bank purchase Spot Transaction to Bank Indonesia;
  - h. maturity date of Forward Agreement;
  - i. Bank sale spot rate to Bank Indonesia;
  - j. Bank purchase spot rate to Bank Indonesia on Forward Agreement;
  - k. application facilities for Sharia Hedging Contract and Sharia Hedge Swap Transaction to Bank Indonesia;
  - l. term and window time of extension of Sharia Hedge Swap Transaction to Bank Indonesia; and
  - m. any other information if required.
- (2) The value date or settlement date of Bank sale Spot Transaction to Bank Indonesia as referred to in paragraph (1) point f means within 2 (two) working days after the date of Sharia Hedge Swap Transaction to Bank Indonesia.
- (3) The Bank sale spot rate to Bank Indonesia as referred to in paragraph (1) point i includes:
  - a. Jakarta Interbank Spot Dollar Rate (JISDOR) 1 (one) working day prior to the transaction date, for Sharia Hedge Swap Transaction to Bank Indonesia in United States dollars; or
  - b. reference rate other than the United States dollar announced by Bank Indonesia 1 (one) working day prior to transaction date, for Sharia Hedge Swap Transaction to Bank Indonesia in a foreign currency other than United States dollars.

#### Section 3

#### Application of Sharia Hedge Swap Transactions to Bank Indonesia

#### Article 19

Bank applies Sharia Hedge Swap Transactions to Bank Indonesia directly without any intermediary institution.

#### Article 20

The application as referred to in Article 19 is made through the means of dealing system and/or any other means of transaction determined by Bank Indonesia.

#### Article 21

- (1) Application of Sharia Hedge Swap Transaction to Bank

Indonesia contains the following information:

- a. Bank name;
  - b. foreign currency type;
  - c. Underlying Transaction document;
  - d. term and nominal value of Underlying Transaction specified in a Sharia Hedging Contract;
  - e. transaction date;
  - f. the value date or settlement date of Bank sale Spot Transaction to Bank Indonesia;
  - g. the value date or settlement date of Bank purchase Spot Transaction to Bank Indonesia;
  - h. maturity date of Forward Agreement;
  - i. transaction term;
  - j. transaction nominal value;
  - k. *wa'd*;
  - l. Bank's foreign currency account number at a correspondent bank;
  - m. Bank's rupiah giro account number at Bank Indonesia; and
  - n. any other information if required.
- (2) The transaction nominal value as referred to in paragraph (1) point j must meet the provisions for the minimum nominal value of application and multiples of the nominal value of application as contained in the announcement of planned Sharia Hedge Swap Transaction to Bank Indonesia as referred to in Article 18 paragraph (1) point e.
  - (3) The maximum nominal value of Sharia Hedge Swap Transaction to Bank Indonesia as referred to in paragraph (1) point j is the same as the Underlying Transaction nominal value.
  - (4) Example of application of Sharia Hedge Swap Transaction to Bank Indonesia as referred to in paragraph (1) is specified in Annex II.

#### Article 22

Bank obtains reference number for each Sharia Hedging Contract after Sharia Hedging Contract application and Sharia Hedge Swap Transaction to Bank Indonesia application are accepted by Bank Indonesia.

#### Article 23

- (1) Bank may correct information on application of Sharia Hedge Swap Transaction to Bank Indonesia except for information on Bank name and term of Sharia Hedging Swap Transaction to Bank Indonesia.
- (2) Bank may only apply 1 (one) time correction for each application of Sharia Hedging Swap Transaction to Bank Indonesia.
- (3) The correction as referred to in paragraph (1) may only be applied during the window time of Sharia Hedge Swap Transaction to Bank Indonesia through a dealing system and/or any other means of transaction determined by Bank Indonesia.

#### Article 24



Bank is responsible for the accuracy of data on application of Sharia Hedge Swap Transactions to Bank Indonesia.

#### Article 25

Any Bank which has applied for a Sharia Hedge Swap Transaction to Bank Indonesia may not cancel an already made Sharia Hedge Swap Transaction to Bank Indonesia.

#### Article 26

- (1) In the event Bank applies for a Sharia Hedge Swap Transaction to Bank Indonesia which does not meet the provisions as referred to in Article 19 until Article 21 and fails to correct the application within the window time of Sharia hedge swap transactions to Bank Indonesia, then Bank Indonesia will not proceed the process of Sharia Hedge Swap Transaction to Bank Indonesia.
- (2) Bank Indonesia may reject an application of a Sharia Hedge Swap Transaction to Bank Indonesia based on certain considerations.

#### Section 4

#### Confirmation of Application for Sharia Hedge Swap Transactions to Bank Indonesia

#### Article 27

Bank makes the following confirmation of the application of Sharia Hedge Swap Transaction to Bank Indonesia through a dealing system and/or any other means of transaction determined by Bank Indonesia:

- a. foreign currency type;
- b. transaction nominal value;
- c. transaction term;
- d. the value date or settlement date of Bank sale Spot Transaction to Bank Indonesia;
- e. the value date or settlement date of Bank purchase Spot Transaction to Bank Indonesia;
- f. Bank sale spot rate to Bank Indonesia;
- g. Bank purchase spot rate to Bank Indonesia on Forward Agreement;
- h. Bank's foreign currency account number at a correspondent bank;
- i. Bank's rupiah giro account number at Bank Indonesia;
- and
- j. any other information if required.

#### Part Five

#### Settlement of Sharia Hedge Swap Transactions to Bank Indonesia

#### Article 28

Bank is required to settle Sharia Hedge Swap Transactions to Bank Indonesia.

#### Section 1

## Settlement of Bank Sale Spot Transaction to Bank Indonesia

## Article 29

- (1) Bank is required to transfer fund in foreign currency in the same amount as the transaction nominal value to Bank Indonesia's account at a correspondent bank.
- (2) The fund as referred to in paragraph (1) must be received by Bank Indonesia on the value date or settlement date of Bank sale Spot Transaction to Bank Indonesia.
- (3) In the event Bank fails to settle the fund transfer in foreign currency as referred to in paragraph (1) according to the transaction nominal value, the Bank is required to settle the fund transfer in foreign currency on the following working day.

## Article 30

- (1) Bank Indonesia settles a Bank sale Spot Transaction to Bank Indonesia on the value date or settlement date of Bank sale Spot Transaction to Bank Indonesia by crediting the Bank's rupiah giro account in the amount of the settlement of Bank sale Spot Transaction to Bank Indonesia.
- (2) The transaction settlement amount as referred to in paragraph (1) equals to the transaction nominal value multiplied by Bank sale spot rate to Bank Indonesia as specified in the announcement of Sharia Hedge Swap Transaction to Bank Indonesia.

## Article 31

In the event that after a Sharia Hedge Swap Transaction to Bank Indonesia, the value date or settlement date of Bank sale Spot Transaction to Bank Indonesia as referred to in Article 29 paragraph (2) and Article 30 paragraph (1) is determined as a holiday, the settlement of Sharia Hedge Swap Transaction to Bank Indonesia will take place on the following working day.

## Section 2

Realization of *Wa'd*

## Article 32

- (1) Bank is required to realize *wa'd* on the maturity date of Forward Agreement through the means of dealing system and/or any other means of transaction determined by Bank Indonesia no later than 15:00 West Indonesia Time or at any other time determined by Bank Indonesia.
- (2) The realization of *wa'd* as referred to in paragraph (1) is conducted through application for Bank purchase Spot Transaction to Bank Indonesia containing information on the reference number of Sharia Hedge Contract and any other information if required.
- (3) Example of the realization of *wa'd* as referred to in paragraph (2) is specified in Annex II.

#### Article 33

Bank may correct the information as referred to in Article 32 paragraph (2) prior to the time limit as referred to in Article 32 paragraph (1).

#### Article 34

In the event Bank fails to make a purchase Spot Transaction as the realization of *wa'd* until the time limit as referred to in Article 32 paragraph (1), the Sharia Hedge Swap Transaction to Bank Indonesia will be treated as Bank sale Spot Transaction to Bank Indonesia and the Sharia Hedge Swap Transaction to Bank Indonesia will be declared canceled.

#### Article 35

In the event that after a Sharia Hedge Swap Transaction to Bank Indonesia, the maturity date of Forward Agreement as referred to in Article 32 paragraph (1) is determined as a holiday, the realization of *wa'd* will take place 1 (one) working day prior.

#### Section 3

#### Settlement of Bank Purchase Spot Transactions as Realization of *Wa'd*

#### Article 36

- (1) Bank is required to provide sufficient fund in its rupiah giro account at Bank Indonesia for settlement of its purchase Spot Transaction to Bank Indonesia on the value date or settlement date of its purchase Spot Transaction to Bank Indonesia.
- (2) In the event Bank fails to meet its obligation to provide sufficient fund as referred to in paragraph (1), the Bank is required to provide sufficient fund to meet the mandatory settlement of its purchase Spot Transaction to Bank Indonesia on the following working day.
- (3) The transaction settlement amount as referred to in paragraph (1) and paragraph (2) equals to the nominal value of Sharia Hedge Swap Transaction to Bank Indonesia multiplied by Bank purchase spot rate to Bank Indonesia on Forward Agreement as specified in the announcement of Sharia Hedge Swap Transaction to Bank Indonesia.

#### Article 37

The settlement of Bank purchase Spot Transaction to Bank Indonesia as referred to in Article 36 is conducted by Bank Indonesia through:

- a. debiting the Bank's rupiah giro account at Bank Indonesia in the amount of the transaction settlement as referred to in Article 36 paragraph (3); and
- b. fund transfer in foreign currency to the Bank's account at a correspondent bank in the nominal value of Bank purchase Spot Transaction to Bank Indonesia.

#### Article 38

In the event that after a Sharia Hedge Swap Transaction to Bank Indonesia, the value date or settlement date of Bank purchase Spot Transaction to Bank Indonesia as referred to in Article 36 paragraph (1) is determined as a holiday, the transaction settlement will take place on the following working day.

CHAPTER V  
EXTENSION OF SHARIA HEDGE SWAP TRANSACTIONS TO  
BANK INDONESIA

Part One

Application of Extension of Sharia Hedge Swap Transactions to  
Bank Indonesia

Article 39

- (1) Bank may apply for extension of Sharia Hedge Swap Transactions to Bank Indonesia.
- (2) In applying for the extension of a Sharia Hedging Swap Transaction to Bank Indonesia as referred to in paragraph (1), Bank must meet the requirements as referred to in Article 4.
- (3) The term of extension of Sharia Hedge Swap Transaction to Bank Indonesia according to the information contained in the announcement of planned Sharia Hedge Swap Transaction to Bank Indonesia as referred to in Article 18 paragraph (1) point 1 or according to the remaining term of a Sharia Hedging Contract, with the shortest transaction extension term of 1 (one) month and the longest 12 (twelve) months.

Article 40

In addition to the requirements as referred to in Article 39 paragraph (2), any Bank applying extension of Sharia Hedge Swap Transaction to Bank Indonesia must meet the following provisions:

- a. use a valid Sharia Hedging Contract;
- b. the maximum nominal value for extension of Sharia Hedge Swap Transaction to Bank Indonesia is the same as the Underlying Transaction value on extension application; and
- c. any breach of the provisions as referred to in Article 5, Article 9, and Article 39 paragraph (3) is not found during the period of Sharia Hedge Swap Transaction to Bank Indonesia.

Article 41

Bank applies extension of Sharia Hedging Swap Transaction to Bank Indonesia within 2 (two) working days prior to the due Sharia Hedge Swap Transaction to Bank Indonesia.

Article 42

- (1) Extension of Sharia Hedge Swap Transaction to Bank Indonesia may be applied during the window time specified in the announcement of a planned Sharia Hedge Swap Transaction to Bank Indonesia as referred to in Article 18 paragraph (1) point 1.

- (2) In the event Bank applies extension of a Sharia Hedging Swap Transaction to Bank Indonesia in a term other than the term announced as referred to in Article 39 paragraph (3), the extension will be applied no later than 30 (thirty) minutes after the window time of the transaction extension application as referred to in paragraph (1) is opened.
- (3) Any Bank which applies for extension of Sharia Hedge Swap Transactions to Bank Indonesia must meet the provisions for application of Sharia Hedge Swap Transactions to Bank Indonesia as referred to in Article 19 until Article 21 and Article 23 until Article 25.
- (4) The transaction extension application as referred to in paragraph (3) must specify the reference number of a Sharia Hedging Contract obtained by Bank during application for Sharia Hedge Swap Transaction as referred to in Article 22.
- (5) Example of application for extension of Sharia Hedge Swap Transaction to Bank Indonesia is specified in Annex II.

#### Article 43

Bank Indonesia submits information to a Bank on the Bank sale spot rate to Bank Indonesia and purchase spot rate to Bank Indonesia on Forward Agreement for extension of Sharia Hedge Swap Transaction to Bank Indonesia through a dealing system and/or any other means of transaction determined by Bank Indonesia.

#### Article 44

- (1) In the event Bank applies for extension of Sharia Hedge Swap Transaction to Bank Indonesia which does not meet the provisions as referred to in Article 42 paragraph (3) and paragraph (4) and fails to correct the extension within the window time of Sharia Hedge Swap Transaction to Bank Indonesia, then Bank Indonesia will not proceed the process of extension of Sharia Hedge Swap Transaction to Bank Indonesia.
- (2) Bank Indonesia may reject an application for extension of Sharia Hedge Swap Transaction to Bank Indonesia based on certain considerations.

#### Part Two

#### Confirmation of Extension of Sharia Hedge Swap Transactions to Bank Indonesia

#### Article 45

- (1) Bank confirms the application for extension of Sharia Hedging Swap Transaction to Bank Indonesia through a dealing system and/or any other means of transaction determined by Bank Indonesia.
- (2) The confirmation of application for extension of Sharia Hedge Swap Transactions to Bank Indonesia as referred to in paragraph (1) includes the following information:
  - a. foreign currency type;
  - b. transaction nominal value;
  - c. transaction term;

- d. the value date or settlement date of Bank sale Spot Transaction to Bank Indonesia;
- e. the value date or settlement date of Bank purchase Spot Transaction to Bank Indonesia;
- f. Bank sale spot rate to Bank Indonesia;
- g. Bank purchase spot rate to Bank Indonesia on Forward Agreement;
- h. the netting nominal value in foreign currency and rupiah, in the event settlement is made by netting;
- i. Bank's foreign currency account number at a correspondent bank;
- j. Bank's rupiah giro account number at Bank Indonesia; and
- k. any other information if required.

### Part Three

#### Settlement of Extension of Sharia Hedge Swap Transactions to Bank Indonesia

##### Article 46

- (1) Settlement of extension of Sharia Hedge Swap Transactions to Bank Indonesia may be conducted by netting.
- (2) In the event Bank makes settlement of extension of Sharia Hedge Swap Transactions to Bank Indonesia by netting as referred to in paragraph (1), Bank must inform the settlement manner upon application for extension of Sharia hedge swap transactions to Bank Indonesia as referred to in Article 42.

##### Article 47

The settlement of extension of Sharia Hedge Swap Transactions to Bank Indonesia by netting as referred to in Article 46 paragraph (1) includes:

- a. netting for the same transaction nominal value as the nominal value of Sharia Hedge Swap Transaction to Bank Indonesia; or
- b. netting for transaction nominal value lower than or higher than the nominal value of Sharia Hedge Swap Transaction to Bank Indonesia.

##### Article 48

- (1) Transaction settlement by netting for the same transaction nominal value as referred to in Article 47 point a is made by the following mechanism:
  - a. amount of transaction settlement by netting in rupiah denomination is calculated using the following formula:

transaction settlement by netting in rupiah	=	nominal amount in foreign currency	x	$\left[ \begin{array}{l} \text{Bank purchase } \textit{spot} \\ \text{rate to} \\ \text{Bank Indonesia} \\ \text{on original} \\ \text{Forward Agreement} \end{array} \right] - \left[ \begin{array}{l} \text{Bank sale } \textit{spot} \\ \text{rate to} \\ \text{Bank Indonesia} \\ \text{on} \\ \text{extension} \end{array} \right]$
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- b. in the event that the calculation as referred to in point a results in negative difference, Bank Indonesia will

- credit Bank's rupiah giro account at Bank Indonesia in the same amount as the calculation result as referred to in point a; and
- c. in the event that the calculation as referred to in point a results in positive difference, Bank Indonesia will debit Bank's rupiah giro account at Bank Indonesia in the same amount as the calculation result as referred to in point a.
- (2) Example of calculation of transaction settlement by netting for the same nominal value of extension of Sharia Hedge Swap Transaction to Bank Indonesia as referred to in paragraph (1) is specified in Annex III which constitutes an inseparable part of this Regulation of Member of Board of Governors.

#### Article 49

- (1) Transaction settlement by netting for lower or higher transaction nominal value as referred to in Article 47 point b is made by the following mechanism:
- a. transaction settlement by netting in foreign currency:
1. the amount of transaction settlement by netting for foreign currency is calculated by the following formula:

transaction settlement by netting in foreign currency	=	nominal value of Sharia Hedge Swap Transaction to Bank Indonesia	-	nominal value of Sharia Hedge Swap Transaction to Bank Indonesia
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2. in the event the calculation as referred to in item 1 results in positive difference, Bank will receive fund transfer in foreign currency in the Bank's account at a correspondent bank in an amount equal to the transaction settlement by netting as referred to in item 1; and
  3. in the event the calculation as referred to in item 1 results in negative difference, Bank will transfer fund in foreign currency to Bank Indonesia's account at a correspondent bank in an amount equal to the transaction settlement by netting as referred to in item 1;
- b. Transaction settlement by netting in rupiah denomination:
1. amount of transaction settlement by netting in rupiah denomination is calculated using the following formula:

value of transaction settlement by netting in rupiah	=	nominal value of Sharia Hedge Swap Transaction to Bank Indonesia	x	Bank purchase spot rate to Bank Indonesia on Forward Agreement	-	Transaction nominal amount during Extension of Sharia Hedge Swap Transaction to Bank Indonesia	x	Bank selling spot rate to Bank Indonesia during extension of Sharia Hedge Swap Transaction to Bank Indonesia
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2. in the event that the calculation as referred to in item 1 results in positive difference, Bank Indonesia will debit Bank's rupiah giro account

- at Bank Indonesia in the same amount as the calculation result as referred to in item 1; and
3. in the event the calculation as referred to in item 1 results in negative difference, Bank Indonesia will credit Bank's rupiah giro account at Bank Indonesia in the same amount as the calculation result as referred to in item 1.
- (2) Example of calculation of transaction settlement by netting for the lower or higher nominal value of extension of Sharia Hedging Swap Transaction to Bank Indonesia as referred to in paragraph (1) is specified in Annex III.

## CHAPTER VI MECHANISM FOR SANCTION IMPOSITION

### Part One Sanctions for Mandatory Underlying Transaction and Realization of *Wa'd*

#### Article 50

Any Bank which breaches the provisions for mandatory Underlying Transaction and realization of *wa'd* under Bank Indonesia Regulation on sharia hedge swap transactions to Bank Indonesia is subject to the following administrative sanctions:

- a. written warning; and
- b. payment obligation of 0.1% (zero point one percent) from the amount of Sharia Hedging Swap Transaction to Bank Indonesia paid in rupiah, at the maximum of Rp1,000,000,000.00 (one billion rupiah) per Sharia Hedging Swap Transaction to Bank Indonesia.

#### Article 51

- (1) Imposition of the administrative sanction in the form of written warning as referred to in Article 50 point a is notified by letter to a Bank and the copy is sent to the Financial Services Authority.
- (2) The administrative sanction in the form of payment obligation as referred to in Article 50 point b is settled by debiting Bank's rupiah giro account at Bank Indonesia.

#### Article 52

The rate used to calculate the administrative sanction in the form of payment obligation as referred to in Article 50 point b includes:

- a. Jakarta Interbank Spot Dollar Rate (JISDOR) 1 (one) working day prior to the transaction date, for Sharia Hedge Swap Transaction to Bank Indonesia in United States dollar against rupiah; or
- b. reference rate other than the United States dollar announced by Bank Indonesia 1 (one) working day prior to the date of Sharia Hedge Swap Transaction to Bank Indonesia in a foreign currency other than United States dollars.

### Part Two



## Sanctions for Settlement of Sharia Hedge Swap Transactions to Bank Indonesia

### Section 1

#### Sanction for Failure to Settle Bank Sale Spot Transactions to Bank Indonesia

#### Article 53

Any Bank which breaches the provisions for failure to settle Bank sale Spot Transaction to Bank Indonesia under Bank Indonesia Regulation on Sharia Hedge Swap Transactions to Bank Indonesia is subject to the following administrative sanctions:

- a. written warning; and
- b. payment obligation calculated on the basis of:
  1. average effective Fed Fund Rate during a delay period plus a margin of 200 (two hundred) basis points multiplied by the nominal value of Sharia Hedging Swap Transaction to Bank Indonesia multiplied by delay day(s) divided by 360 (three hundred sixty) for payment obligation settlement in United States dollars; or
  2. average policy rate issued by the central bank or monetary authority in the corresponding value country (official rate) effective during a delay period plus a margin of 200 (two hundred) basis points multiplied by the nominal value of Sharia Hedging Swap Transaction to Bank Indonesia multiplied by delay day(s) divided by 360 (three hundred sixty) for payment obligation settlement in a foreign currency other than US dollars.

#### Article 54

- (1) Imposition of the administrative sanction in the form of written warning as referred to in Article 53 point a is notified by letter to a Bank and the copy is sent to the Financial Services Authority.
- (2) The administrative sanction in the form of payment obligation as referred to in Article 53 point b is settled by:
  - a. debiting Bank's foreign currency giro account at Bank Indonesia for Sharia hedge swap transactions to Bank Indonesia in United States dollars; or
  - b. debiting Bank's rupiah giro account at Bank Indonesia for Sharia hedge swap transactions to Bank Indonesia in a foreign currency other than United States dollars.

#### Article 55

The rate used to calculate the administrative sanction in the form of payment obligation as referred to in Article 53 point b item 2 is the reference rate other than United States dollars announced by Bank Indonesia 1 (one) working day prior to a transaction date.

### Section 2

Sanctions for Failure to Settle Bank Purchase Spot  
Transactions to Bank Indonesia as Realization of *Wa'd*

Article 56

Any Bank which breaches the provisions for failure to settle Bank purchase Spot Transactions to Bank Indonesia as realization of *wa'd* under Bank Indonesia Regulation on Sharia Hedge Swap Transactions to Bank Indonesia is subject to the following administrative sanctions:

- a. written warning; and
- b. payment obligation in rupiah calculated at the basis of average Bank Indonesia 7-Day (Reverse) Repo Rate effective during a delay period plus a margin of 350 (three hundred fifty) basis points multiplied by the nominal value of Sharia Hedging Swap Transaction to Bank Indonesia in rupiah multiplied by delay day(s) divided by 360 (three hundred sixty).

Article 57

- (1) Imposition of the administrative sanction in the form of written warning as referred to in Article 56 point a is notified by letter to a Bank and the copy is sent to the Financial Services Authority.
- (2) The administrative sanction in the form of payment obligation as referred to in Article 56 point b is settled by debiting Bank's rupiah giro account at Bank Indonesia.

Article 58

The nominal value of Sharia Hedge Swap Transaction to Bank Indonesia used to calculate the payment obligation sanction as referred to in Article 56 point b is the amount of mandatory settlement of Bank purchase Spot Transaction as referred to in Article 36 paragraph (3).

CHAPTER VII  
CLOSING PROVISIONS

Article 59

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

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 the Official Gazette of the Republic of Indonesia.

Issued in Jakarta  
on 29 December 2022

MEMBER OF BOARD OF GOVERNORS,

DESTRY DAMAYANTI

ELUCIDATION  
OF  
REGULATION OF MEMBER OF BOARD OF GOVERNORS  
NUMBER 24/22/PADG/2022  
ON  
IMPLEMENTING REGULATION ON SHARIA HEDGE SWAP  
TRANSACTIONS TO BANK INDONESIA

I. GENERAL

Bank Indonesia aims to achieve and maintain rupiah stability. More integrated global financial condition facilitates capital flow affecting rupiah exchange rate fluctuation. Efforts to realize Bank Indonesia's objective need to be supported by minimizing exchange rate risk.

One of the efforts to minimize exchange rate risk are realized in development of hedging instruments under sharia principles in line with efforts to achieve an ideal sharia financial market condition, namely a liquid, efficient, and transparent financial market with integrity. It is expected to be able to increase foreign currency transactions by sharia banks supporting economic activities in Indonesia.

Bank Indonesia ensures fulfillment of sharia principles through fatwa and/or sharia compliance statement from the authority authorized to issue fatwa or sharia compliance statement. Based on the foregoing, Bank Indonesia issues Regulation of Member of Board of Governors on Implementing Regulation on Sharia Hedge Swap Transactions to Bank Indonesia.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Sufficiently clear.

Article 3

Paragraph (1)

Sufficiently clear.

Paragraph (2)

"*Al-tahawwuth al-murakkab* agreement" means an agreement to execute complex Hedging transactions under the scheme of sequence of Spot Transactions and Forward Agreement followed by Spot Transactions on the maturity date of Forward Agreement

and the settlement in the form of currency transfer.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Paragraph (5)

Sufficiently clear.

Paragraph (6)

Sufficiently clear.

Paragraph (7)

Sufficiently clear.

Paragraph (8)

Sufficiently clear.

#### Article 4

Point a

Permit as a sharia monetary operation participant in foreign currency from Bank Indonesia as referred to in Bank Indonesia Regulation on monetary operation.

Point b

The composite rank of bank soundness level as referred to in the Regulation of Financial Services Authority on assessment of soundness level of sharia commercial banks and sharia business units.

Point c

The temporary suspension sanction to participate in monetary operation activities by Bank Indonesia is as referred to in Bank Indonesia Regulation on monetary operation.

Point d

Participation restriction sanction in monetary operation by Bank Indonesia is as referred to in Bank Indonesia Regulation on monetary operation.

#### Article 5

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Capital account activities include, among others, capital transfer.

Point d

Bank financing to residents for trade and investment purposes includes issuance of securities in foreign currency. "Resident" means individual, legal entity, or any other entities domiciled or planning to domicile in Indonesia at least for 1 (one) year, including representatives and diplomatic staff of another country in Indonesia.

Point e

Sufficiently clear.

Point f  
Sufficiently clear.

Paragraph (4)

Point a  
Sufficiently clear.

Point b  
Fund placement includes, among others, savings, current account, term deposit, and negotiable certificate of deposit.

Point c  
Sufficiently clear.

Point d  
“Crypto asset” means intangible asset in the form of digital asset, including using cryptography, peer-to-peer network, and distributed ledger.

Paragraph (5)

“Final Underlying Transaction document” means a document which show unchanging time and/or amount of receipt or needs of foreign currency.

Article 6

Sufficiently clear.

Article 7

Sufficiently clear.

Article 8

Sufficiently clear.

Article 9

Sufficiently clear.

Article 10

Sufficiently clear.

Article 11

Sufficiently clear.

Article 12

Sufficiently clear.

Article 13

Sufficiently clear.

Article 14

Sufficiently clear.

Article 15

Paragraph (1)

“Working day” means the working days of Bank Indonesia, excluding limited operational working days of Bank Indonesia.

Paragraph (2)  
Sufficiently clear.

Article 16  
Sufficiently clear.

Article 17  
Sufficiently clear.

Article 18

Paragraph (1)

Point a  
Sufficiently clear.

Point b  
Sufficiently clear.

Point c  
Sufficiently clear.

Point d  
Sufficiently clear.

Point e  
Sufficiently clear.

Point f  
Sufficiently clear.

Point g  
Sufficiently clear.

Point h  
“Maturity date of Forward Agreement” means the realization date of *wa'd*.

Point i  
Sufficiently clear.

Point j  
Sufficiently clear.

Point k  
Sufficiently clear.

Point l  
Sufficiently clear.

Point m  
Sufficiently clear.

Paragraph (2)

“Working day” means the working days of Bank Indonesia, excluding limited operational working days of Bank Indonesia.

Paragraph (3)

Sufficiently clear.

Article 19  
Sufficiently clear.

Article 20  
Sufficiently clear.

Article 21

Paragraph (1)

Point a  
Sufficiently clear.

Point b  
Sufficiently clear.

- Point c  
Sufficiently clear.
- Point d  
Sufficiently clear.
- Point e  
Sufficiently clear.
- Point f  
Sufficiently clear.
- Point g  
Sufficiently clear.
- Point h  
Sufficiently clear.
- Point i  
Sufficiently clear.
- Point j  
Sufficiently clear.
- Point k  
“*Wa’d*” means a statement of intent to make purchase Spot Transaction to Bank Indonesia on the maturity date of Forward Agreement.
- Point l  
Sufficiently clear.
- Point m  
Sufficiently clear.
- Point n  
Sufficiently clear.
- Paragraph (2)  
Sufficiently clear.
- Paragraph (3)  
Sufficiently clear.
- Paragraph (4)  
Sufficiently clear.

#### Article 22

Reference number of Sharia Hedging Contract is used to identify Sharia Hedge Swap Transactions to Bank Indonesia and its correlation to Underlying Transaction documents administered by Bank and as a basis for extension of Sharia hedge swap transactions to Bank Indonesia.

#### Article 23

Sufficiently clear.

#### Article 24

Sufficiently clear.

#### Article 25

Sufficiently clear.

#### Article 26

Paragraph (1)  
Sufficiently clear.

Paragraph (2)  
“Certain considerations” include, among others, information on Bank’s condition development.

Article 27  
Sufficiently clear.

Article 28  
Sufficiently clear.

Article 29  
Sufficiently clear.

Article 30  
Sufficiently clear.

Article 31  
Sufficiently clear.

Article 32  
Sufficiently clear.

Article 33  
Sufficiently clear.

Article 34  
Sufficiently clear.

Article 35  
“Working day” means the working days of Bank Indonesia, excluding limited operational working days of Bank Indonesia.

Article 36  
Sufficiently clear.

Article 37  
Sufficiently clear.

Article 38  
Sufficiently clear.

Article 39  
Sufficiently clear.

Article 40  
Sufficiently clear.

Article 41  
“Working day” means the working days of Bank Indonesia, excluding limited operational working days of Bank Indonesia.

Article 42  
Paragraph (1)  
Sufficiently clear.  
Paragraph (2)  
Sufficiently clear.  
Paragraph (3)  
Sufficiently clear.  
Paragraph (4)  
Sufficiently clear.



Paragraph (5)  
Sufficiently clear.

Article 43  
Sufficiently clear.

Article 44  
Paragraph (1)  
Sufficiently clear.  
Paragraph (2)  
“Certain considerations” include, among others, information on Bank’s condition development.

Article 45  
Paragraph (1)  
Sufficiently clear.  
Paragraph (2)  
Point a  
Sufficiently clear.  
Point b  
Sufficiently clear.  
Point c  
Sufficiently clear.  
Point d  
Sufficiently clear.  
Point e  
Sufficiently clear.  
Point f  
Sufficiently clear.  
Point g  
Sufficiently clear.  
Point h  
“Netting” means fund transfer by calculating the difference of Bank liability in a Sharia hedge swap transaction to Bank Indonesia.  
Point i  
Sufficiently clear.  
Point j  
Sufficiently clear.  
Point k  
Sufficiently clear.

Article 46  
Sufficiently clear.

Article 47  
Sufficiently clear.

Article 48  
Sufficiently clear.

Article 49  
Sufficiently clear.

Article 50  
Sufficiently clear.

Article 51

Sufficiently clear.

Article 52

“Working day” means the working days of Bank Indonesia, excluding limited operational working days of Bank Indonesia.

Article 53

Sufficiently clear.

Article 54

Sufficiently clear.

Article 55

Sufficiently clear.

Article 56

Sufficiently clear.

Article 57

Sufficiently clear.

Article 58

Sufficiently clear.

Article 59

Sufficiently clear.