BANK INDONESIA REGULATION

NUMBER 20/10/PBI/2018

CONCERNING

DOMESTIC NON-DELIVERABLE FORWARD TRANSACTIONS

BY THE BLESSINGS OF GOD ALMIGHTY

GOVERNOR OF BANK INDONESIA,

Considering:
a. that Bank Indonesia aims to achieve and maintain rupiah stability;
b. that to achieve rupiah stability, liquid and efficient domestic foreign exchange market is necessary to support national economic activities;
c. that to increase liquidity and efficiency in the domestic foreign exchange market and to mitigate rupiah exchange rate risks, enrichment of hedging instruments is necessary in the domestic foreign exchange market, by maintaining the prudential principle;
d. that based on the considerations set forthin letter a, letter b, and letter c, it is necessary to establish Bank Indonesia Regulation on Domestic Non-Deliverable Forward Transactions;

Observing : 1. Law Number 23 of 1999 on Bank Indonesia (State Gazette of the Republic of Indonesia of 1999 Number 66, Supplement to State Gazette of the Republic of Indonesia Number 3843) as last amended by Law Number 6 of 2009 on Establishment of Government Regulation in Lieu of Law Number 2 of 2008 on the Second Amendment to Law Number 23 of 1999 on Bank Indonesia as a Law (State Gazette of the Republic of Indonesia of 2009 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 4962);

2. Law Number 24 of 1999 on Flow of Foreign Exchange and Exchange Rate System (State Gazette of the Republic of Indonesia of 1999 Number 67, Supplement to State Gazette of the Republic of Indonesia Number 3844);

HAS DECIDED:

To establish: BANK INDONESIA REGULATION ON DOMESTIC NON-DELIVERABLE FORWARD TRANSACTIONS

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Bank Indonesia Regulation:

1. Domestic Non-Deliverable Forward Transaction, hereinafter referred to as DNDF Transaction, is plain vanilla derivative transactions of foreign exchange against rupiah in the form of

forward transactions through fixing mechanism in the domestic market.

2. Forward Transaction is sale or purchase transactions of foreign exchange against rupiah, where fund is settled more than 2 (two) working days after a transaction date.
3. Fixing Mechanism is transaction settlement mechanism without full movement of fund by calculating the difference between Forward Transaction rate and reference rateon a certain date determined in the contract (fixing date).
4. Transaction of Foreign Exchange against Rupiah is transaction as set forth in Bank Indonesia provisions for transactions of foreign exchange against rupiah, consisting of spot transactions and derivative transactions of foreign exchange against rupiah.
5. Spot Transaction is transaction as set forth in Bank Indonesia provisions for foreign exchange transaction against rupiah.
6. Derivative Transaction of Foreign Exchange against Rupiah is transaction as set forth in Bank Indonesia provisions for foreign exchange transaction against rupiah.
7. Banks are commercial banks as referred to act concerning banks and sharia commercial banks and sharia business unit as reffered to act concerning sharia banks, including branch offices of bank domiciled abroad, excluding of commercial banks and sharia commercial banks incorporated in Indonesia operating in foreign countries.
8. Customer is customer as set forth in Bank Indonesia provisions for foreign exchange transaction against rupiah.
9. Foreign Party is foreign party as set forth in Bank Indonesia provisions for foreign exchange transaction against rupiah.

10. Underlying Transaction is an activity that underlie a purchase or sale of foreign exchange against rupiah.
11. Rupiah Transfer is fund transfer in rupiah designated to a beneficiary for the interest of a Bank or its customer, either through cash deposit or transfer in the same or different Bank, resulting in an increase in the balance of the beneficiary's rupiah account.

CHAPTER II

DNDF TRANSACTIONS

Article 2

(1) Banks may conduct a DNDF Transaction for:
    a. its own interest; and/or
    b. the interest of Customer and/or a Foreign Party.
(2) The DNDF Transaction set forth in paragraph (1) is made under a contract.
(3) The DNDF Transaction for own interest set forth in paragraph (1) letter a includes transaction between:
    a. Banks and Customer;
    b. Banks and Foreign Party; and
    c. Banks.
(4) The DNDF Transactions set forth in paragraph (1) letter b and paragraph (3) letter a and letter b may only be conducted for hedging against rupiah exchange rate risk.
(5) When conducting DNDF Transactions, Banks:

a. must meet the provisions of the banking authority that regulates categories of banks which may conduct foreign currency transactions;
b. must apply risk management as set forth in the provisions of the banking authority that regulates implementation of bank's risk management;
c. must educate Customers and Foreign Parties on implementation of DNDF Transaction activities;
d. must apply consumer protection principle under the provisions of the authority;
e. consider the provisions of Bank Indonesia for mandatory use of rupiah within the Republic of Indonesia; and
f. consider the provisions of other country's authority for policy on internationalization of the country's currency.

Article 3

(1) The DNDF Transactions set forth in Article 2 paragraph (1) letter b and Article 2 paragraph (3) letter a and letter b must have Underlying Transactions.
(2) The Underlying Transactions set forth in paragraph (1) include all of the following activities:
a. trade of goods and services within and outside the country;
b. investments in the form of direct investments, portfolio investments, loans, capital, and other investments within and outside the country;
c. loan or financing by Banks in foreign currency for trade and investments, especially for transactions between Bank and customer.

(3) The Underlying Transactions set forth in paragraph (2) exclude:

a. securities issued by Bank Indonesia;
b. fund placement;
c. undisbursed loan or financing facility by Banks;
d. document of foreign currency sell against rupiah;
e. money transfer by a fund transfer company;
f. intercompany loan; and
g. Business activites of money changer .

Article 4

The DNDF Transaction set forth in Article 2 paragraph (1) must be conducted under the following provisions:

a. conducted based on Underlying Transaction for DNDF Transaction set forth in Article 3 paragraph (1);
b. the nominal value of the DNDF Transaction must not exceed the nominal amount of Underlying Transaction; and
c. the tenor of the DNDF Transaction must not exceed the tenor of Underlying Transaction.

Article 5

Banks must not extend loan or financing in foreign currency and/or rupiah to any Customer and/or Foreign Party for the interest of a DNDF Transaction.

Article 6

(1) DNDF Transaction will be settled through Fixing Mechanism.
(2) Fixing Mechanism set forth in paragraph (1) is conducted by using the Jakarta Interbank Spot Dollar Rate (JISDOR) for

United States dollar against rupiah on a certain date determined in a contract (fixing date).

(3) If DNDF Transaction uses currency other than United States dollar against rupiah, the reference rate set forth in paragraph (2) will use the Bank Indonesia FX transaction mid rate.

(4) DNDF Transaction must be settled in rupiah.

(5) DNDF Transaction may not be rolled over and terminated earlier.

Article 7

(1) Banks may conduct DNDF Transaction with offshore bank for cover hedging purpose.

(2) The cover hedging set forth in paragraph (1) must be supported by an Underlying Transaction in the form of DNDF Transaction between Banks and Customer and/or Foreign Party for hedging purpose.

Article 8

(1) Banks are prohibited to conduct non-deliverable forward transactions in foreign currency against rupiah overseas.

(2) Bank are prohibited to conduct DNDF Transaction by using certain currencies which central banks have cooperation with Bank Indonesia on settlement of bilateral trade transactions using local currency.

CHAPTER III

RUPIAH TRANSFER TO FOREIGN PARTIES

Article 9

(1) Banks -are prohibited to conduct Rupiah Transfer to overseas, including rupiah fund coming from the settlement of a DNDF Transaction.

(2) Rupiah fund coming from the settlement of DNDF Transaction set forth in paragraph (1) may be transferred overseas in foreign currency by first conducting Spot Transaction or Forward Transaction.

(3) The Spot Transaction or Forward Transaction set forth in paragraph (2) is conducted by using Underlying Transaction's documents consisting of DNDF Transaction contract and transfer slip of a DNDF Transaction settlement.

Article 10

Banks may conduct Rupiah Transfer for settlement of DNDF Transaction to Banks account owned by Foreign Party.

CHAPTER IV

TYPES OF UNDERLYING TRANSACTION DOCUMENTS AND SUBMISSION OF THE DOCUMENT

Article 11

(1) The Underlying Transaction set forth in Article 3 paragraph (1) must be proved by final Underlying Transaction documents and supporting documents.

(2) The final Underlying Transaction documents and supporting documents set forth in paragraph (1) refer to the provisions of

Bank Indonesia for foreign exchange transactions against rupiah.

(3) Invoices in foreign currency from transactions for which rupiah use is mandatory set forth in the provisions of Bank Indonesia for mandatory use of rupiah within the territory of the Republic of Indonesia, may not be used as Underlying Transaction documents for DNDF Transactions.

(4) The same document of DNDF Underlying Transaction may not be used in more than 1 (one) Bank in the entire banking system of Indonesia at the same time.

(5) The same document of DNDF Underlying Transaction may be used several times for other DNDF Transactions and/or Foreign Exchange Transactions against Rupiah as long as the Underlying Transaction documents are not due and not exceed the nominal amount of Underlying Transaction.

Article 12

(1) When conducting DNDF Transaction, Bank must ensure that a Customer and/or Foreign Party submit final documents for Underlying Transaction and supporting documents.

(2) A Bank must ensure the accuracy and appropriateness of Underlying Transaction documents submitted by a Customer and/or Foreign Party.

(3) Final Underlying Transaction documents and supporting documents must be received by a Bank no later than 5 (five) working days after DNDF Transaction date.

(4) In the event of DNDF Transaction set forth in paragraph (3) is due in less than 5 (five) working days after a transaction date,

the final Underlying Transaction documents and supporting documents must be received by Bank no later than the due date.

(5) Procedure for submission of final Underlying Transaction documents and supporting documents refers to the provisions of Bank Indonesia for foreign exchange transactions against rupiah.

Article 13

(1) Banks must administer the Underlying Transaction documents and supporting documents submitted by Customer and/or Foreign Party.

(2) The period of document administration set forth in paragraph (1) refers to the laws and regulations on corporate documents.

CHAPTER V
REPORTING OF TRANSACTIONS

Article 14

(1) Banks must submit DNDF Transaction report through Bank Indonesia reporting system, namely Commercial Bank Daily Report (LHBU).

(2) Mechanism of DNDF Transaction reporting refers to the provisions of Bank Indonesia for LHBU.

CHAPTER VI
SUPERVISION

Article 15

(1) Bank Indonesia conducts supervision of DNDF Transactions by Banks.

(2) When conducting supervision set forth in paragraph (1), Bank Indonesia may coordinate with other authorities.

(3) The supervision set forth in paragraph (1) includes:

a. indirect supervision; and/or

b. examination.

(4) Bank Indonesia may assign another party for and on behalf of Bank Indonesia to conduct the examination set forth in paragraph (3) letter b.

Article 16

(1) In implementation of the supervision set forth in Article 15, Banks must provide and submit data, information, and/or details required by Bank Indonesia.

(2) Banks must be responsible for the accuracy of data, information, and/or details submitted to Bank Indonesia.

CHAPTER VII

SANCTIONS

Article 17

(1) Any Banks that breach the provisions set forth in Article 2 paragraph (5) letter a will be imposed with the sanctions specified in the provisions of the banking authority for categories of banks which may conduct foreign currency transaction activities.

(2) Any Banks that breach the provisions set forth in Article 2 paragraph (5) letter b will be imposed with the sanctions specified in the provisions of the banking authority for bank's risk management implementation.

(3) Any Banks that breach the provisions set forth in Article 2 paragraph (5) letter d will be imposed with the sanctions specified in the provisions of the banking authority for consumer protection principles.

(4) Any Banks that breach the provisions set forth in Article 14 paragraph (1) will be imposed with the sanctions specified in the provisions of Bank Indonesia for LHBU.

Article 18

(1) Any Banks that breach the provisions set forth in Article 2 paragraph (5) letter c, Article 8 paragraph (2), Article 12 paragraph (2), Article 12 paragraph (3), Article 12 paragraph (4), Article 13 paragraph (1), Article 16 paragraph (1), and/or Article 16 paragraph (2) will be imposed with an administrative sanction in the form of written admonition.

(2) Any Banks that breach the provisions set forth in Article 3 paragraph (1), Article 4, Article 5, Article 8 paragraph (1), Article 9 Paragraph (1), and/or Article 12 paragraph (1) will be imposed with an administrative sanction in the form of written warning and financial penalty of 1% (one percent) of the total nominal value of a DNDF Transaction for each breach in with a minimum sanction amount of Rp10,000,000.00 (ten million rupiah) and Rp1,000,000,000.00 (one billion rupiah) at the maximum.

(3) The payment obligation set forth in paragraph (2) will be calculated by using JISDOR on the breach date.

Article 19

(1) The sanctioned financial penalty set forth in Article 18 paragraph (2) will be imposed by Bank Indonesia by debiting the relevant Bank's rupiah checking account with Bank Indonesia.
(2) Bank Indonesia may submit information on imposition of the sanctioned written admonition and/or payment obligation set forth in Article 18 paragraph (1) and paragraph (2) to the banking authority.

CHAPTER VIII

CLOSING PROVISIONS

Article 20

This Bank Indonesia regulation starts to take effect as of its establishment date.

For public recognition, it is hereby ordered that this Bank Indonesia Regulation be promulgated in the State Gazette of the Republic of Indonesia.

Established in Jakarta

on 21 September 2018

BANK INDONESIA GOVERNOR,

(signed)

PERRY WARJIYO

Promulgated in Jakarta

on 27 September 2018

MINISTER OF LAW AND HUMAN RIGHTS

REPUBLIC OF INDONESIA,

(signed)

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2018 NUMBER 170

ELUCIDATION
OF
BANK INDONESIA REGULATION
NUMBER 20/10/PBI/2018
ON
DOMESTIC NON-DELIVERABLE FORWARD TRANSACTIONS

I. GENERAL

In performing the duties of Bank Indonesia to achieve and maintain rupiah stability, it is necessary to accelerate the achievement of financial market liquidity and efficiency, which may support national economic activities. To achieve financial market liquidity and efficiency, development of domestic foreign currency market is needed by enhancing instrument variations as hedging alternatives for market participants in domestic foreign currency market. To develop hedging instrument variations, domestic banks may conduct DNDF transactions in domestic foreign currency market to facilitate market participants, i.e. Customers and Foreign Parties, to hedge the rupiah exchange rate risk exposure.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory

Article 2

Paragraph (1)

Letter a

Self-explanatory

Letter b

DNDF Transactions for the interest of Customers and/or Foreign Parties is done in which Bank conduct transactions on behalf of Customers and/or Foreign Parties.

Example:

Customer A requests Bank B to represent Customer A to make a DNDF Transaction. Bank B acts only as an intermediary of the transaction made by Customer A.

Paragraph (2)

"Contract" means:

a. written confirmation in the form of contract of foreign exchange or derivative transaction generally used by market participants or issued by the relevant association; and/or
b. written confirmation indicating that a transaction is done, among others in the form of *dealing conversation* or *Society of Worldwide Interbank Financial Telecommunication* (SWIFT).

Paragraph (3)

Self-explanatory

Paragraph (4)

Example 1:

On October 20th 2018, a Customer has an import obligation of USD1,000,000.00 (one million US dollars) which will due within 1 (one) month, i.e. on November 20th 2018. For the obligation, the Customer conducts hedging through a DNDF Transaction in the maximum nominal amount of USD1,000,000.00 (one million US dollars) with the maximum tenor of 1 (one) month.

Example 2:

A Foreign Party owns stocks in Indonesia equivalent to USD2,000,000.00 (two million US dollars). Based on the stocks ownership above, the Foreign Party conducts hedging through DNDF Transaction with the maximum of nominal amount equivalent to USD2,000,000.00 (two million US dollars) during the period of stock ownership by the Foreign Party.

Example 3:

Customer Y investing in USD denominated securities with a nominal amount of USD1,000,000.00 (one million US dollars) may sell DNDF Transaction in the maximum amount of USD1,000,000.00 (one million US dollars) for hedging against rupiah exchange rate risk.

Paragraph (5)

Letter a

Self-explanatory

Letter b

Regulation by banking authority that regulates the implementation of bank's risk management, among others regulates that Bank must effectively implement at least the following risk management measures:

1. active supervision of the board of commissioners and board of directors;
2. appropriate policies, procedures, and limit setting;

3. appropriate risk identification process, risk measurement, risk monitoring and control, and risk management information system; and
4. comprehensive internal control system.

Letter c

Education is conducted to make Customers and Foreign Parties understand the benefits and risks of DNDF Transactions in the domestic market.

Letter d

Self-explanatory

Letter e

Self-explanatory

Letter f

Self-explanatory

Article 3

Paragraph (1)

Self-explanatory

Paragraph (2)

Letter a

Self-explanatory

Letter b

“Other investments” among others include investments and/or transactions made to implement the government’s policy on taxation.

Letter c

“Loan or financing” means provision of funds or claim similar thereto based on a loan approval or agreement between Banks and other parties which require the borrowers to repay their debts at a specified term with interest or fee, including:

1. overdraft, which means negative balance in a customer's current account that cannot be fully repaid at the end of a day;
2. claim takeover in factoring activities; or
3. loan takeover or credit purchase from other parties.

Paragraph (3)

Letter a

Securities issued by Bank Indonesia among others include Bank Indonesia Certificates and Bank Indonesia Securities in foreign currency.

Letter b

Fund placement among others in the form of saving accounts, current accounts, time deposits, and negotiable certificates of deposits.

Letter c

"Loan or financing" means provision of funds or claim similar thereto based on a loan approval or agreement between Banks and other parties which require the borrowers to repay their debts at a specified term with interest or fee, including:

1. overdraft, which means negative balance in a customer's current account that cannot be fully repaid at the end of a day;
2. claim takeover in factoring activities; or
3. loan takeover or credit purchase from other parties.

Loan or financing facilities that are not withdrawn among others are standby loans and undisbursed loans.

Letter d

Self-explanatory

Letter e

Self-explanatory

Letter f

Intercompany loans among others include credit extension in one group company or affiliated companies.

Letter g

Self-explanatory

Article 4

Letter a

Self-explanatory

Letter b

If the nominal value of an Underlying Transaction is higher than DNDF Transaction, the Underlying Transaction may be used as an Underlying Transaction for another DNDF Transaction and/or any other Foreign Currency Transaction against Rupiah, as long as it does not exceed the nominal amount of the Underlying Transaction when the DNDF Transaction and/or any other Foreign Exchange Transaction against Rupiah are made.

Letter c

Self-explanatory

Article 5

"Loan or financing" means provision of funds or claim similar thereto based on a loan approval or agreement between Banks and other parties which require the borrowers to repay their debts at a specified term with interest or fee, including:

1. overdraft, which means negative balance in a customer's current account that cannot be fully repaid at the end of a day;
2. claim takeover in factoring activities; or
3. loan takeover or credit purchase from other parties.

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Article 6

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

"Mid rate of Bank Indonesia transaction" means the average of buying rate and selling rate as specified on the Bank Indonesia webpage.

Example:

Investor N owns an investment in Australia in Australian dollar (AUD) in the amount of AUD1,000,000.00 (one million Australian dollars). Based on the investment, investor N intends to hedge his investment by entering into DNDF transaction to sell AUD against IDR in the amount of AUD1,000,000.00 (one million Australian dollars) for 1 (one) month at AUD/IDR rate of Rp10,800.00 (ten thousand eight hundred rupiah). On the fixing date, buy rate and sell rate of Bank Indonesia transactions stand at Rp10,700.00 (ten thousand seven hundred rupiah) and Rp10,800.00 (ten thousand eight hundred rupiah), respectively, and therefore the mid rate of Bank Indonesia transaction equals to Rp10,750.00 (ten thousand seven hundred fifty rupiah). Based on the DNDF transaction, investor N receives exchange rate difference of Rp50,000,000.00 (fifty million rupiah) resulting from this calculation: (Rp10,800.00-Rp10,750.00) x AUD1,000,000.00.

Paragraph (4)

Self-explanatory

Paragraph (5)

Self-explanatory

Article 7

Paragraph (1)

"Cover hedging" means hedging for a DNDF Transaction conducted by Bank to offshore bank against a DNDF Transaction made previously between Bank and Customer and/or Foreign Party.

Paragraph (2)

Self-explanatory

Article 8

Paragraph (1)

Self-explanatory

Paragraph (2)

Certain country's currency which central banks has cooperation with Bank Indonesia on local currency settlement of bilateral trade currently are Malaysian Ringgit and Thailand Baht.

Article 9

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

Example:

A Foreign Party buy DNDF of USD1,000,000.00 (one million US dollars) at rate of Rp14,000.00 (fourteen thousand rupiah). On the fixing date, JISDOR stands at Rp14,100.00 (fourteen thousand one hundred rupiah). Therefore, the Foreign Party receives exchange rate difference of Rp100,000,000.00 (one hundred million rupiah). Rupiah fund from the DNDF Transaction settlement may be transferred overseas in foreign currency by making Spot Transaction or Forward Transaction by using Underlying Transaction documents of DNDF contract and transfer slip of DNDF Transaction settlement.

Article 10

Example 1:

A Foreign Party buy DNDF of USD1,000,000.00 (one million US dollars) at rate of Rp14,000.00 (fourteen thousand rupiah). On the fixing date, JISDOR stands at Rp14,100.00 (fourteen thousand one hundred rupiah). Therefore, the Foreign Party receives exchange rate difference of Rp100,000,000.00 (one hundred million rupiah). Bank may conduct a Rupiah Transfer to the Foreign Party's account based on the DNDF Transaction settlement.

Example 2:

A Foreign Party has entered DNDF to buy USD1,000,000.00 (one million US dollars) at rate Rp14,000.00 (fourteen thousand rupiah). On the fixing date, JISDOR stands at Rp13,800 (thirteen thousand eight hundred rupiah). Therefore, the Foreign Party pays exchange rate difference of Rp200,000,000.00 (two hundred million rupiah) and must pay to the Bank. The Foreign Party sells USD against rupiah by entering into a Spot Transaction in an amount equivalent to Rp200,000,000.00 (two hundred million rupiah). Bank may conduct a Rupiah Transfer to the Foreign Party's account based on the DNDF Transaction settlement.

Article 11

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Paragraph (4)

Example:

Importer NS is an automotive importer, which has an Underlying Transaction document in the form of invoice for automotive spare parts purchase in the amount of USD5,000,000.00 (five million US dollars), payable by importer NS on 20 December 2019. On 27 September 2019, importer NS buys DNDF to Bank A of USD1,000,000.00 (one million United States dollars) due on 27 October 2019. On 5 October 2019, importer NS buys DNDF of USD3,000,000.00 (three million US dollars) to Bank B. This transaction can not be done because it is made to a different Bank at the same time.

Paragraph (5)

If the nominal value of an Underlying Transaction is higher than DNDF Transaction, the Underlying Transaction may be used as an Underlying Transaction for another DNDF Transaction and/or any other Foreign Currency Transaction against Rupiah, provided that it does not exceed the nominal amount of the Underlying Transaction when the DNDF Transaction and/or any other Foreign Currency Transaction against Rupiah are done.

Example of DNDF Transaction which is followed by Spot Transaction and then followed by another DNDF Transaction:

On 1 September 2019, importer N has an Underlying Transaction document in the form of invoice in the amount of USD1,000,000.00 (one million US dollars), due on 2 November 2019. On 1 September 2019, importer N has entered DNDF Transaction with Bank B in the nominal amount of USD300,000.00 (three hundred thousand US dollars) due on 1 October 2019. On 2 October 2019, importer N uses the same Underlying Transaction document to conduct Spot Transaction of USD200,000.00 (two hundred thousand US dollars). On 10 October 2019, by using the same Underlying Transaction document, importer N entering a DNDF Transaction in the maximum amount of USD800,000.00 (eight hundred thousand United States dollars), due no later than 2 November 2019.

Example of DNDF Transaction which is followed by a Spot Transaction:

On 1 September 2019, importer NS has an invoice in USD in a nominal amount of USD5,000,000.00 (five million US dollars), due on 1 October 2019. On 1 September 2019, importer NS enters into

DNDF Transaction in the nominal amount of USD5,000,000.00 (five million US dollars) due on 1 October 2019. Since the due date of DNDF Transaction, importer NS may buy Spot in the amount of USD5,000,000.00 (five million US dollars) by using the same Underlying Transaction document provided that the invoice is still valid.

Example of DNDF Transaction which is followed by Forward Transaction and FX option transaction:

On 1 August 2019, importer B has an Underlying Transaction document in the form of invoice amounting to USD5,000,000.00 (five million US dollars), due on 1 November 2019. On 1 September 2019, importer B enters into DNDF Transaction in the amount of USD5,000,000.00 (five million US dollars) due on 1 October 2019. After the DNDF Transaction due, on 2 October 2019 importer B may buy Forward USD3,000,000.00 (three million US dollars) and buy call option USD2,000,000.00 (two million US dollars), due no later than 1 November 2019.

Example of DNDF Transaction which is followed by another DNDF Transaction:

On 1 September 2019, importer D has an Underlying Transaction document in the form of invoice amounting to USD2,000,000.00 (two million US dollars), due on 2 November 2019. On 1 September 2019, importer D has entered DNDF Transaction in the nominal amount of USD1,000,000.00 (one million US dollars) due on 1 October 2019. On 15 September 2019, importer D may conduct another DNDF Transaction in the maximum amount of USD1,000,000.00 (one million US dollars) due no later than 2 November 2019. The second DNDF Transaction may only be conducted in the same Bank because the DNDF Transaction is made at the same time.

Example of Spot Transaction which is followed by a DNDF Transaction:

PT A is an automotive importer which has an Underlying Transaction document in the form of invoice in the amount of USD5,000,000.00 (five million US dollars) payable by PT A on 20 December 2019. On 27 September 2019, PT A conduct Spot Transaction to Bank B in the amount of USD1,000,000.00 (one million US dollars), and on 5 October 2019, PT A may entered DNDF Transaction in the maximum amount of USD4,000,000.00 (four million US dollars) to Bank B due on 18 December 2019. This transaction may be conducted because the Spot Transaction and DNDF Transaction are made by using an undue Underlying Transaction document, the amount does not exceed the nominal amount of the Underlying Transaction, and they are made in the same Bank.

Article 12

Paragraph (1)

Self-explanatory

Paragraph (2)

Criteria for accuracy at least include:

a. the document is not in contravention of the laws and regulations; and
b. the document is issued by a company or institution whose existence may be verified.

Criteria for appropriateness at least include:

a. the document is in line with market practice;

b. the transaction is in accordance with the Underlying Transaction document; and

c. the transaction made by a Customer and/or Foreign Party is in accordance with the historical data held by the Bank and/or according to the Customer's and/or Foreign Party's requirement.

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Paragraph (5)

Self-explanatory

Article 13

Self-explanatory

Article 14

Self-explanatory

Article 15

Self-explanatory

Article 16

Self-explanatory

Article 17

Self-explanatory

Article 18

Self-explanatory

Article 19

Self-explanatory

Article 20

Self-explanatory

SUPPLEMENT TO STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 6252