

BANK INDONESIA REGULATION
NUMBER 24/ 2 /PBI/2022
ON
TRANSACTIONS BETWEEN BANKS AND BANK INDONESIA TO SUPPORT
LOCAL CURRENCY SETTLEMENT

BY THE BLESSINGS OF ALMIGHTY GOD

GOVERNOR OF BANK INDONESIA,

- Considering :
- a. that it is necessary to support the objective of Bank Indonesia to achieve and maintain rupiah stability, one of which is reflected in the stability of rupiah exchange rate, by reducing dependency on the use of a certain foreign currency through availability of foreign currency liquidity for local currency settlement and to support financial market development and deepening;
 - b. that to support the activity as referred to in point a, Bank Indonesia enters into international financial cooperation with the central banks or the relevant authority of partner countries, one of the agreements under which is to provide transactions with the bank to meet its foreign currency needs in local currency settlement;

- c. that the scope of Bank Indonesia Regulation Number 18/7/PBI/2016 on Bank Transactions with Bank Indonesia for Bilateral Currency Swap Arrangement needs expansion, and therefore, it needs to be replaced;
- d. that based on the foregoing considerations as referred to in point a, point b, and point c, it is necessary to establish Bank Indonesia Regulation on Transactions between Banks and Bank Indonesia to Support Bilateral Local Currency Settlement;

- 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 amended several times and last 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 Foreign Exchange Flow 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);
3. Bank Indonesia Regulation Number 23/18/PBI/2021 on Monetary Control (State Gazette of the Republic of Indonesia of 2021 Number 282, Supplement to State Gazette of the Republic of Indonesia Number 6748);

HAS DECIDED:

To enact : BANK INDONESIA REGULATION ON TRANSACTIONS BETWEEN BANKS AND BANK INDONESIA TO SUPPORT LOCAL CURRENCY SETTLEMENT.

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Bank Indonesia Regulation:

1. Bank means any commercial bank conducting business activities in a conventional manner, commercial bank conducting business activities under sharia principles, and sharia business unit conducting business activities in foreign currencies.
2. International Financial Cooperation Agreement means bilateral agreement on local currency exchange between Bank Indonesia and the central bank or the relevant authority of a partner country to increase bilateral trade and investment, monetary and financial system stability, and/or any other purposes agreed to support economic development of both countries.
3. Underlying Transaction means an activity underlying a transaction between a Bank and Bank Indonesia to support local currency settlement.

Article 2

- (1) Bank Indonesia may conduct foreign currency transactions against rupiah with the central bank or the relevant authority of a partner country.
- (2) The foreign currency transactions against rupiah as referred to in paragraph (1) are executed under an International Financial Cooperation Agreement.
- (3) Under the International Financial Cooperation Agreement as referred to in paragraph (2), Bank Indonesia may provide transactions between a Bank and Bank Indonesia.

Article 3

- (1) The transactions between Bank and Bank Indonesia as referred to in Article 2 paragraph (3) are conducted to meet the Bank's foreign currency needs in local currency

settlement and to support financial market development and deepening.

- (2) The Bank's foreign currency needs as referred to in paragraph (1) are used for international trade payment, direct investment, and/or any other purposes under an International Financial Cooperation Agreement.

CHAPTER II

TRANSACTIONS BETWEEN BANKS AND BANK INDONESIA

Part One

Underlying Transactions

Article 4

Bank Indonesia may determine an Underlying Transaction to be used in a transaction between a Bank and Bank Indonesia.

Article 5

In the event Bank Indonesia determines an Underlying Transaction as referred to in Article 4, a Bank is required to meet the following provisions:

- a. has an Underlying Transaction in the form of international trade payment, direct investment, and/or any other purposes, supported by Underlying Transaction documents;
- b. does not use the same Underlying Transaction for more than 1 (one) transaction with Bank Indonesia;
- c. administers Underlying Transaction documents; and
- d. ensures and becomes responsible for the accuracy of data in Underlying Transaction documents.

Article 6

Any Bank breaching the provisions as referred to in Article 5 is subject to the following administrative sanctions:

- a. written warning; and
- b. payment obligation of 0.01% (zero point zero one percent) from the nominal amount of transaction which does not

meet Underlying Transaction requirements, at the minimum of Rp10,000,000.00 (ten million rupiah) and at the maximum of Rp100,000,000.00 (one hundred million rupiah) per transaction.

Article 7

Further provisions for Underlying Transactions and the mechanism to impose administrative sanctions shall be regulated in a Regulation of Member of Board of Governors.

Part Two

Implementation of Transactions between Banks and Bank Indonesia

Article 8

Transactions between Banks and Bank Indonesia are conducted under the following provisions:

- a. conducted on a working day;
- b. has a maximum term of 12 (twelve) months; and
- c. a Bank may not apply early termination.

Article 9

- (1) Bank Indonesia determines the types, mechanisms, and procedure for implementation of transactions between Banks and Bank Indonesia.
- (2) The transaction types as referred to in paragraph (1) are cross-currency repurchase agreement and/or any other transactions.
- (3) The transaction mechanisms as referred to in paragraph (1) consist of tender and/or non-tender mechanisms.
- (4) The procedure as referred to in paragraph (1) consists of:
 - a. implementation time;
 - b. transaction application;
 - c. foreign currency type;
 - d. Underlying Transaction;
 - e. transaction settlement; and/or

- f. other transaction implementation procedure determined by Bank Indonesia.

Article 10

- (1) Banks must comply with the transaction implementation procedure determined by Bank Indonesia as referred to in Article 9 paragraph (4).
- (2) In the event a Bank fails to comply with the transaction implementation procedure as referred to in paragraph (1), Bank Indonesia will not follow up the Bank's application for transaction with Bank Indonesia.

Article 11

- (1) Bank is responsible for the accuracy of data on its application for transaction with Bank Indonesia.
- (2) Any Bank which has applied for a transaction with Bank Indonesia may not cancel such applied transaction.

Article 12

In the event Bank Indonesia determines an Underlying Transaction, the maximum transaction amount applied by a Bank shall equal to the nominal amount of the Underlying Transaction.

Article 13

- (1) In the event a Bank's transaction with Bank Indonesia is conducted using securities, Bank Indonesia will determine the type of securities eligible to use.
- (2) The securities as referred to in paragraph (1) are Bank's securities.

Article 14

Bank Indonesia may:

- a. annul a transaction with Bank; and/or
 - b. reject a Bank's transaction application,
- based on considerations under an International Financial Cooperation Agreement and/or any other considerations.

Article 15

Further provisions for implementation of transactions between Banks and Bank Indonesia shall be regulated in a Regulation of Member of Board of Governors.

Part Three

Settlement of Transactions between Banks and Bank Indonesia

Article 16

- (1) Bank is required to conduct transaction settlement with Bank Indonesia.
- (2) The transaction settlement as referred to in paragraph (1) is conducted by:
 - a. providing sufficient securities in a securities account at Bank Indonesia or custodian institution;
 - b. making fund transfer in foreign currency in a sufficient amount to the account designated by Bank Indonesia;
 - c. sending an instruction to transfer fund in foreign currency to the account designated by Bank Indonesia; and/or
 - d. providing sufficient fund in Bank's rupiah giro account at Bank Indonesia,on the date determined by Bank Indonesia.

Article 17

- (1) Any Bank breaching the provisions as referred to in Article 16 paragraph (2) point a is subject to the following administrative sanctions:
 - a. written warning; and
 - b. payment obligation of 0.01% (zero point zero one percent) from the nominal amount of transaction, at the minimum of Rp10,000,000.00 (ten million rupiah) and at the maximum of Rp100,000,000.00 (one hundred million rupiah) per transaction.

- (2) Any Bank breaching the provisions as referred to in Article 16 paragraph (2) point b, point c, and/or point d is subject to the following administrative sanctions:
- a. written warning; and
 - b. payment obligation in the amount as determined by Bank Indonesia.

Article 18

In the event a Bank fails to meet the mandatory fund transfer in foreign currency in a sufficient amount to the account designated by Bank Indonesia as referred to in Article 16 paragraph (2) point b on a transaction maturity date, Bank Indonesia has an authority to:

- a. oblige the Bank to make the transaction settlement on the date determined by Bank Indonesia; and/or
- b. execute the securities used by the Bank in the transaction.

Article 19

In transaction settlement between a Bank and Bank Indonesia, Bank Indonesia has an authority to:

- a. cease the pledge for securities used in the transaction;
- b. transfer the securities used in the transaction from the Bank's account to Bank Indonesia's account;
- c. apply early redemption against the securities issued by Bank Indonesia used by the Bank in the transaction;
- d. sell securities issued by any party other than Bank Indonesia used by the Bank in the transaction;
- e. make an outright purchase of securities issued by a party other than Bank Indonesia used by the Bank in the transaction; and/or
- f. debit the Bank's rupiah giro account at Bank Indonesia.

Article 20

Further provisions for transaction settlement between Bank and Bank Indonesia and the mechanism to impose

administrative sanctions shall be regulated in a Regulation of Member of Board of Governors.

CHAPTER III
BANK REQUIREMENTS TO MAKE TRANSACTIONS WITH
BANK INDONESIA

Article 21

- (1) Bank Indonesia determines requirements for Banks which may transact with Bank Indonesia.
- (2) Banks must meet the requirements as referred to in paragraph (1) in transactions with Bank Indonesia.
- (3) In the event a Bank fails to meet the requirements as referred to in paragraph (1), Bank Indonesia will reject the Bank's transaction application.

Article 22

Further provisions for Bank requirements to make transactions with Bank Indonesia shall be regulated in a Regulation of Member of Board of Governors.

CHAPTER IV
THE DETERMINED PRICE AND/OR PRICE REFERENCE
USED IN A TRANSACTION

Article 23

Bank Indonesia determines the price and/or price reference used in a transaction between a Bank and Bank Indonesia.

Article 24

Provisions for the price and/or price reference used in a transaction between Banks and Bank Indonesia shall be regulated in a Regulation of Member of Board of Governors.

CHAPTER V
MEANS USED IN TRANSACTIONS

Article 25

- (1) Bank Indonesia determines the means used in transactions between Banks and Bank Indonesia.
- (2) The means as referred to in paragraph (1) include:
 - a. trading platform;
 - b. settlement platform; and/or
 - c. any other platforms determined by Bank Indonesia.

Article 26

Further provisions for the means used in transactions between Banks and Bank Indonesia shall be regulated in a Regulation of Member of Board of Governors.

CHAPTER VI

EARLY TERMINATION

Article 27

Bank Indonesia may apply early termination against a transaction between a Bank and Bank Indonesia in the following events:

- a. the Bank fails to meet the Underlying Transaction provisions as referred to in Article 5;
- b. the Bank submits a notice that it is unable to provide foreign currency to meet the obligation on the date determined by Bank Indonesia as referred to in Article 16 paragraph (2) point b;
- c. the Bank fails to meet the obligation to send an instruction to transfer fund in foreign currency to the account designated by Bank Indonesia on the date determined by Bank Indonesia as referred to in Article 16 paragraph (2) point c; and/or
- d. the Bank no longer meets the requirements as referred to in Article 21.

Article 28

- (1) In the event the early termination is applied as referred to in Article 27 point a and/or point d, Bank is required to

meet the mandatory transaction settlement on the date determined by Bank Indonesia.

- (2) The mandatory transaction settlement as referred to in paragraph (1) is implemented under the provisions in Article 16.
- (3) The mandatory implementation as referred to in paragraph (1) and paragraph (2) will not drop imposition of administrative sanctions.

Article 29

- (1) Bank Indonesia will execute the securities used in a transaction in the following events:
 - a. Bank submits a notice that it is unable to provide foreign currency to meet the obligation on the date determined by Bank Indonesia as referred to in Article 27 point b; or
 - b. Bank fails to send an instruction to transfer fund in foreign currency to the account designated by Bank Indonesia for transaction settlement as referred to in Article 27 point c.
- (2) The execution of securities as referred to in paragraph (1) is conducted based on certain considerations determined by Bank Indonesia.

Article 30

Further provisions for implementation of early termination and execution of securities used in a transaction shall be regulated in a Regulation of Member of Board of Governors.

CHAPTER VII SUPERVISION

Article 31

- (1) Bank Indonesia supervises Bank's compliance with Bank Indonesia provisions for transactions between Banks and Bank Indonesia to support local currency settlement.
- (2) The supervision as referred to in paragraph (1) includes:
 - a. indirect supervision; and/or
 - b. examination.

Article 32

In the event of supervision as referred to in Article 31, Bank Indonesia may request the required data, information, and statement to a Bank.

CHAPTER VIII CLOSING PROVISIONS

Article 33

At the time when this Bank Indonesia Regulation comes into force, all regulations which are the implementing regulations of Bank Indonesia Regulation Number 18/7/PBI/2016 on Transactions between Banks and Bank Indonesia for Bilateral Currency Swap Arrangement (State Gazette of the Republic of Indonesia of 2016 Number 93, Supplement to State Gazette of the Republic of Indonesia Number 5880), are declared to remain effective to the extent not contrary to= this Bank Indonesia Regulation.

Article 34

At the time when this Bank Indonesia Regulation comes into force, Bank Indonesia Regulation Number 18/7/PBI/2016 on Transactions between Banks and Bank Indonesia for Bilateral Currency Swap Arrangement (State Gazette of the Republic of Indonesia of 2016 Number 93, Supplement to State Gazette of the Republic of Indonesia Number 5880), are repealed and declared ineffective.

Article 35

This Bank Indonesia Regulation comes into force on 31 January 2022.

In order that every person may know hereof, it is ordered to promulgate this Bank Indonesia Regulation by its placement in the State Gazette of the Republic of Indonesia.

Issued in Jakarta
on 28 January 2022

GOVERNOR OF BANK INDONESIA,

PERRY WARJIYO

Promulgated in Jakarta
on 28 January 2022

MINISTER OF LAW AND HUMAN RIGHTS
REPUBLIC OF INDONESIA,

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2022 NUMBER 36

ELUCIDATION
OF
BANK INDONESIA REGULATION
NUMBER 24/ 2 /PBI/2022
ON
TRANSACTIONS BETWEEN BANKS AND BANK INDONESIA TO SUPPORT
LOCAL CURRENCY SETTLEMENT

I. GENERAL

Bank Indonesia aims to achieve and maintain rupiah stability. Efforts made to achieve the purpose need to be supported by reducing dependency on the use of certain foreign currency through availability of foreign currency liquidity for local currency settlement with partner countries for smooth international trade payment, direct investment, and/or any other activities. Use of the local currency of a partner country in transaction settlement also aims to support financial market development and deepening.

Local currency settlement needs to be supported by the availability of foreign currency in the partner country's local currency in the market. Therefore, Bank Indonesia enters into an International Financial Cooperation Agreement with the central bank or the relevant authority of a partner country and provides transactions between Banks and Bank Indonesia. Based on the foregoing, Bank Indonesia issues Bank Indonesia Regulation on Transactions between Banks and Bank Indonesia to Support Local Currency Settlement.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Paragraph (1)

Foreign currency transactions against rupiah are conducted in the form of, among others, currency swap.

Paragraph (2)

International Financial Cooperation Agreements among others are bilateral currency swap arrangement and local currency bilateral swap arrangement.

Paragraph (3)

Sufficiently clear.

Article 3

Sufficiently clear.

Article 4

Sufficiently clear.

Article 5

Sufficiently clear.

Article 6

Sufficiently clear.

Article 7

Sufficiently clear.

Article 8

Sufficiently clear.

Article 9

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Point a

Implementation time among others includes the transaction window time and transaction day.

Point b

Transaction application among others includes the means, minimum nominal amount, and transaction amount multiples.

Point c

“Foreign currency type” means a partner country’s currency.

Point d

Sufficiently clear.

Point e

Transaction settlement among others includes implementation and means of transaction settlement.

Point f

Sufficiently clear.

Article 10

Sufficiently clear.

Article 11

Sufficiently clear.

Article 12

Sufficiently clear.

Article 13

Paragraph (1)

Securities used in a transaction among others are sovereign securities.

Paragraph (2)

Sufficiently clear.

Article 14

Sufficiently clear.

Article 15

Sufficiently clear.

Article 16

Sufficiently clear.

Article 17

Sufficiently clear.

Article 18

Point a

Sufficiently clear.

Point b

Execution of the securities is conducted among others through sale of securities.

Article 19

Sufficiently clear.

Article 20

Sufficiently clear.

Article 21

Sufficiently clear.

Article 22

Sufficiently clear.

Article 23

“Price” among others includes exchange rate, interest rate, and haircut.

“Price reference” among others includes reference rate and securities price reference.

Article 24

Sufficiently clear.

Article 25

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

“Other means” among others include the means used in administration of transactions and securities.

Article 26

Sufficiently clear.

Article 27

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

“Bank no longer meets the requirements” means a condition where a Bank has met the requirements determined during a transaction application but the Bank no longer meets them after the transaction is made.

Article 28

Mandatory transaction settlement among others includes payment of principal and interest according to the term of transaction with Bank Indonesia.

Article 29

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Certain considerations determined by Bank Indonesia among others relate to transaction types and transaction settlement mechanism.

Article 30

Sufficiently clear.

Article 31

Sufficiently clear.

Article 32

Sufficiently clear.

Article 33

Sufficiently clear.

Article 34

Sufficiently clear.

Article 35

Sufficiently clear.