

CIRCULAR LETTER

To

ALL NON-FINANCIAL INSTITUTION COMPANIES
IN INDONESIA

Subject: Reporting of Foreign Exchange Flows Conducted by Non-Financial Institution Companies.

In regard to Bank Indonesia Regulation No. 4/2/PBI/2002 dated March 28, 2002, concerning Monitoring of Foreign Exchange Flows Conducted by Non-Financial Institution Companies (State Gazette of the Republic of Indonesia Number 15 of 2002, Supplement to the State Gazette of the Republic of Indonesia Number 4178) as amended by Bank Indonesia Regulation Number 5/1/PBI/2003 dated January 31, 2003 concerning amendment to Bank Indonesia Regulation Number 4/2/PBI/2002 concerning Monitoring of Foreign Exchange Flows Conducted by Non-Financial Institution Companies (State Gazette of the Republic of Indonesia Number 11 of 2003), in order to strengthen effectiveness and efficiency in the reporting of foreign exchange flows, it is necessary for new implementation regulations and technical instructions on the reporting of foreign exchange flows conducted by non-financial institution companies to be stipulated as follows:

I. GENERAL REVIEW

A. Purpose

Reporting of foreign exchange flows conducted by non-financial institution companies is intended for the collection of complete, accurate, and timely information and data on foreign exchange flows required most importantly for the preparation of Statistics on Indonesia's Balance of Payments and International Investment Position.

B. Definitions

1. Foreign Exchange Flows are transfers of financial assets and liabilities between residents and non-residents, including transfers between residents of overseas financial assets and liabilities.
2. Overseas Financial Assets (OFA) are Company assets comprising claims on non-residents, whether in foreign currency or in rupiahs, including equity participation in overseas companies, deposits at overseas banks, holdings of securities issued by non-residents, and overseas current accounts.
3. Overseas Financial Liabilities (OFL) are Company liabilities comprising liabilities to non-residents, whether in foreign currency or in rupiahs, including but not limited to loans, accounts payable to overseas companies, and debt securities owed to non-residents.
4. Residents are persons, legal entities, or other entities domiciled or planning to be domiciled in Indonesia for not less than 1 (one) year, including diplomatic representation and diplomatic staff of the Republic of Indonesia stationed overseas.
5. Non-Financial Institution Company (hereinafter referred to as Company) is a Corporate Entity conducting business other than as a

Bank and other than as a Non-Bank Financial Institution (NBFI), as stipulated in the applicable laws and regulations, consisting of one of the following:

- a. State Owned Enterprise (SOE);
- b. Regional Government Owned Enterprise; and
- c. Private Companies domiciled in Indonesia, whether incorporated as an Indonesian or foreign legal entity or not incorporated as a legal entity.

C. Reporting Company

1. Reporting Company is a Company with total assets of not less than Rp 100,000,000,000 (one hundred billion rupiahs) or gross sales turnover in one year of not less than Rp 100,000,000,000 (one hundred billion rupiahs), and
 - a. Conducting transactions in Foreign Exchange Flows not through domestic Banks or NBFIs, but through:
 - 1) corporate Overseas Current Accounts/OCA; and/or
 - 2) Intercompany/Office Accounts at companies/offices domiciled overseas; and/or
 - b. Holds an OFA position and/or OFL position.

The total value of assets/liabilities and sales turnover referred to above shall be based on the latest audited financial statement. In the event that an audited financial statement is not available, the latest unaudited financial statement shall be used.

2. A Reporting Company experiencing decline in either total assets and/or gross sales turnover to less than Rp 100,000,000,000 (one hundred billion rupiahs) shall be required to deliver reports insofar as it continues to conduct transactions in Foreign Exchange Flows as

referred ...

referred to in item 1.a. and/or holds an OFA and/or OFL position as referred to in item 1.b.

3. A Reporting Company that does not conduct any activity in Foreign Exchange Flows during a reporting period as referred to in item 1.a. is required to submit a zero transactions report.

Example 1:

In September 2003, Company A did not conduct transactions in Foreign Exchange Flows either through OCAs or ICAs, but in October 2003 it received a foreign borrowing transferred through an OCA. Accordingly, for the September 2003 reporting period, Company A shall still submit a zero transaction report, while for the October 2003 reporting period, Company A is required to submit a transaction report for the Foreign Exchange Flows through the OCA.

4. A Reporting Company that does not conduct transactions in Foreign Exchange Flows as referred to in item 1.a. but holds OFA and/or OFL positions as referred to in items 1.b is not required to submit a zero transaction report but is required to submit a Statement of No Transactions in Foreign Exchange Flows affixed with sufficient revenue stamp as per the format in Appendix 1.

Example 2:

Company X has only foreign borrowings, but all receipts and payments are conducted through a domestic bank and no transactions in Foreign Exchange Flows are conducted through OCAs and ICAs. Accordingly, for Company X it is sufficient to deliver a Statement of No Transactions in Foreign Exchange Flows and to continue to submit position reports on a regular basis.

5. A Statement of No Transactions in Foreign Exchange Flows, affixed with sufficient revenue stamp as per the format in Appendix 2, shall be delivered in the event that:
 - a. The Reporting Company does not conducts transactions in Foreign Exchange Flows as referred to in item 1.a. and does not hold an OFA and/or OFL position as referred to in item 1.b.
 - b. The Company has total assets of not less than Rp 100,000,000,000 (one hundred billion rupiahs) or gross sales turnover in one year of not less than Rp 100,000,000,000 (one hundred billion rupiahs), but does not conduct activities in Foreign Exchange Flows as referred to in item 1.a. and item 1.b.
6. The Statement referred to in number 4 and number 5 shall be delivered as follows:
 - a. For a Company with its head office domiciled in the area of Jakarta, Depok, Bogor, Bekasi, Karawang, and Banten Province, to:

Bank Indonesia
Directorate of Economic and Monetary Statistics c.q.
Balance of Payments Statistics Division
Building B, 14th Floor, Jl. M.H. Thamrin No. 2
Jakarta 10110.
 - b. For a Company with its head office domiciled outside the area of Jakarta, Depok, Bogor, Bekasi, Karawang, and Banten Province, to the local Bank Indonesia Regional Office as listed in the attached Technical Instructions (Appendix 3).

II. REPORTS

A. Types of Reports

The report on Foreign Exchange Flows consists of a Transaction Report and Position Report.

1. Transaction Report

a. The Transaction Report presents information and data on:

- 1) Receipts and/or payments through overseas current accounts, or OCAs, of the reporting Company, such as receipts of export earnings and payments for imports, drawing and receipts of foreign borrowings, receipts of deposit interest, receipts from settlement of trade receivables, and payment of account payables; and/or
- 2) Recognition of payables/receivables settled on a *netting/offsetting* basis between the reporting Company and the overseas head office/branch offices of the reporting Company and/or between the reporting Company and other companies/agencies/institutions domiciled overseas through Inter-Office Accounts or ICAs, such as recognition of trade payables/receivables.

b. Each transaction, subject to a minimum threshold of USD1,000.- or equivalent, must be reported in detail according to the type of underlying transaction, while each transaction of less than USD1,000.- or equivalent may be reported on an aggregated basis using a special code.

2. Position Report

a. The Position Report on OFA and/or OFL covers positions of both OFA and/or OFL that have become effective as claims and/or liabilities of the reporting Company (Position Report for on balance

sheet items) and OFA and/or OFL positions those still comprising commitments and/or contingencies (Position Report for Commitments and Contingencies). The Position Report for on balance sheet items covers the initial position, changes, and end position of each OFA and/or OFL account of the reporting Company, while the Position Report for Commitments and Contingencies covers only the position at the end of the reporting period.

- b. OFA and/or OFL positions as referred to in the above letter a shall be based on the latest audited financial statement. In the event that an audited financial statement is not available the latest unaudited financial statement shall be used.

B. Report Format

A Report as referred to in item A.1. and A.2. shall be put together based on the report format specifications stipulated by Bank Indonesia as referred to in the Technical Instructions (Appendix 3). Each report consists of one or more records containing information and fields that must be reported, such as transaction code and transaction counterparty code in the Transaction Report and beginning position and ending position in the Position Report.

C. Delivery of Reports

1. Reporting Period

- a. The reporting period for the Transaction Report is monthly, covering transactions in Foreign Exchange Flows from the 1st (first) day through the end of the month.
- b. The reporting period for the Position Report is semi-annual, covering the report for the OFA and/or OFL positions at the end of

June for the first semi-annual report and at the end of December for the second semi-annual report.

2. Report Delivery Period

- a. The Report Delivery Period for transaction reports is 1 (one) month after the end of the reporting period, namely from the 1st (first) day of the month through 16:00 hours local time at the end of the month.

Example 3:

The Report Delivery Period for the September 2003 Transaction Report is from October 1, 2003, through 16:00 hours local time on October 31, 2003.

- b. The Report Delivery Period for position reports is the period of 3 (three) months after the end of the reporting period.

Example 4:

The Report Delivery Period for the second semiannual Position Report for 2003 is from January 1, 2004 through 16:00 hours local time on March 31, 2004.

- c. If the deadline for the Report Delivery Period as referred to in letter a and letter b falls on a Saturday, Sunday, or a public holiday, the deadline for the Report Delivery Period shall be 16:00 hours local time on the first subsequent working day.

Example 5:

The deadline for the Report Delivery Period for the October 2003 Transaction Report is 16:00 hours local time on December 1, 2003 (November 30, 2003, falls on a Sunday).

3. Late Report Delivery Period and Non-Reporting

- a. The Late Report Delivery Period for the Transaction Report is the period from the end of the Report Delivery Period for the Transaction Report through 16:00 hours local time at the end of the following month.

Example 6:

The Late Report Delivery Period for the August 2003 Transaction Report is from 16:00 hours local time September 30, 2003, through 16:00 hours local time on October 31, 2003.

- b. The Late Report Delivery Period of the Position Report is the period after the expiration of the Report Delivery Period for the Position Report through 16:00 hours local time at the end of the following month.

Example 7:

The Late Report Delivery Period for the second semiannual Position Report for 2003 is after 16:00 hours local time on March 31, 2004 through 16:00 hours local time on April 30, 2004.

- c. If the deadline for the Late Report Delivery Period as referred to in letter a and letter b falls on a Saturday, Sunday, or a public holiday, the deadline for the Period for Late Report Delivery shall be 16:00 hours local time on the first subsequent working day.

Example 8:

The deadline of the Late Report Delivery Period for the September 2003 Transaction Report is 16:00 hours local time on December 1, 2003 (November 30, 2003, falls on a Sunday).

Example ...

Example 9:

The deadline of the Late Report Delivery Period for the second semiannual Position Report for 2004 is 16:00 hours local time on May 2, 2005 (April 30 and May 1, 2005, fall on a weekend).

- d. If the reporting Company has not submitted a report by the deadline of the Late Report Delivery Period as referred to in letter a through letter a, the Company shall be deemed non-reporting.

Example 10:

The September 2003 Transaction Report has not been received by Bank Indonesia by 16:00 hours local time on December 1, 2003.

Example 11:

The Second Semiannual Position Report for 2003 has not been received by Bank Indonesia by 16:00 hours local time on April 30, 2004.

4. Delivery of Reports

- a. Reports as referred to in item A.1. and item A.2. shall be delivered as follows:
- 1) For a reporting Company with its head office domiciled in Indonesia, reports shall be delivered by the head office in aggregate form for Foreign Exchange Flows conducted by the head office and other offices domiciled in Indonesia.
 - 2) For a reporting Company with its head office domiciled outside Indonesia, reports shall be delivered by the coordinating office of the reporting Company or each office of the reporting Company domiciled in Indonesia.

b. Reports as referred to in item A.1. and item A.2. shall be delivered by letter, facsimile, or other media according to the following procedure:

1) Report delivery by letter:

a) For a reporting Company with its head office domiciled in the area of Jakarta, Depok, Bogor, Bekasi, Karawang, and Banten Province, reports shall be delivered to:

Bank Indonesia

Directorate of Economic and Monetary Statistics c.q.

Balance of Payments Statistics Division

Building B, 14th floor, Jl. M.H. Thamrin No.2

Jakarta 10110

b) For a reporting Company with its head office domiciled outside the area of Jakarta, Depok, Bogor, Bekasi, Karawang, and Banten Province, reports shall be delivered to the local Bank Indonesia Regional Office as listed in the Technical Instructions (Appendix 3).

2) Report delivery by facsimile:

a) For a reporting Company domiciled in the area of Jakarta, Depok, Bogor, Bekasi, Karawang, and Banten Province, reports shall be delivered to:

Bank Indonesia

Directorate of Economic and Monetary Statistics c.q.

Balance of Payments Statistics Division

Facsimile Number: 0-800-1501829 (toll free), (021) 3866063, (021) 3501974.

b) For a reporting Company domiciled outside the area of Jakarta, Depok, Bogor, Bekasi, Karawang, and Banten Province, reports shall be delivered to the local Bank

Indonesia Office as listed in the Technical Instructions (Appendix 3).

- c) A reporting Company delivering a report by facsimile as referred to in letter a) and letter b) shall also be required to deliver the original of the report. The original report shall be received by Bank Indonesia not later than 1 (one) month after the date of facsimile transmission of the report.

The date of receipt of a report, whether delivered by letter or by facsimile, is the date at which the letter or facsimile is received by Bank Indonesia.

3) Delivery of report by other media.

Transmission of reports by other media is transmission by means of media other than letter and facsimile. The procedures involved and types of other media to be used shall be stipulated further by Bank Indonesia.

5. Change of address for delivery of reports

- a. A reporting Company with its head office domiciled a working area of Bank Indonesia may deliver reports on Foreign Exchange Flows to another Bank Indonesia working area insofar as this expedites report delivery. Notification of transfer of such reporting must first be given to the Bank Indonesia Head Office with a copy to the Bank Indonesia Regional Office that has hitherto received reports and the Bank Indonesia Regional Office to which reports will be sent.
- b. A reporting Company intending to deliver reports on Foreign Exchange Flows to another working area of Bank Indonesia because it has moved its head office from one working area of Bank Indonesia to another working area of Bank Indonesia must first submit a letter of notification to the Bank Indonesia Head Office with a copy to the

Bank Indonesia Regional Office that has hitherto received reports and the Bank Indonesia Regional Office to which reports will be sent.

b. Notification as referred to in letter a and letter b shall be addressed to:

Bank Indonesia

Directorate of Economic and Monetary Statistics c.q.

Balance of Payments Statistics Division

Building B, 14th floor, Jl. M.H. Thamrin No.2

Jakarta 10110

The copy of the notification shall be delivered to the Bank Indonesia Regional Office as listed in the Technical Instructions (Appendix 3)

III. REPORT CORRECTIONS AND CLARIFICATIONS

In the event that a report received by Bank Indonesia as referred to in item II.C.4.b. is incomplete and/or incorrect, the reporting Company shall deliver a corrections report as per the format in the Technical Instructions (Appendix 3).

A report shall be deemed incomplete if one or more information and data fields are not filled in for a transaction code, transaction counterparty code, and transaction value as referred to in the Technical Instructions (Appendix 3).

A report shall be deemed incorrect if one or more information and data fields, comprising transaction code, transaction counterparty code, and transaction value as referred to in the Technical Instructions (Appendix 3) contains errors and/or are not according to facts.

A reporting Company may make corrections during the Report Delivery Period or after the Report Delivery Period, subject to the following provisions:

A. Corrections during the Report Delivery Period

The reporting Company may make corrections one or more times in respect of a previously delivered report in the event that the report is incomplete and/or incorrect. The corrections report last received by Bank Indonesia shall supersede any report received previously. The correction report must be delivered in full for a specified reporting period, covering both corrected items and non-corrected items.

B. Corrections after the Report Delivery Period

1. The reporting Company may only make corrections after a Report Delivery Period if there is a letter from Bank Indonesia to the reporting Company requesting clarification of an incomplete report and/or a report indicated to be incorrect.
2. The reporting Company shall respond in writing and this response shall be received by Bank Indonesia no later than 10 (ten) working days after the date of receipt of the letter from Bank Indonesia requesting clarification. The response shall be delivered with corrections if the incomplete report and/or report indicated to be incorrect by Bank Indonesia is recognized as incomplete and/or incorrect by the reporting Company, so that corrections must be made. The Corrections Report must be delivered in full for a specified reporting period, covering both corrected and non-corrected items.

If a report indicated to be incorrect by Bank Indonesia is regarded by the Company to be correct according to available information and data, it is sufficient for the Company to respond in writing, stating that

the delivered ...

the delivered report is already correct. The clarification process is deemed complete when Bank Indonesia has received a response from the Company.

C. A reporting Company making corrections during and after the Report Delivery Period referred to in letter A and letter B shall be not liable to sanctions.

D. If a reporting Company does not provide a response or the response is received at Bank Indonesia past the deadline referred to in item B.2, the incomplete report and/or report indicated to be incorrect shall be deemed as recognized by the reporting Company as incomplete and/or incorrect, and Bank Indonesia shall impose fines for incomplete and/or incorrect reports in respect of each record found to be incomplete and/or incorrect.

IV. SCRUTINY OF REPORTS

A. Bank Indonesia may scrutinize a report by a Company of doubtful accuracy, and in so doing may demand bookkeeping evidence, records, and documents pertaining to the reporting, if necessary.

B. Scrutiny as referred to in letter A may be conducted in cooperation with a competent agency.

V. SANCTIONS

A. Incomplete and/or Incorrect Reports

A reporting Company that has delivered an incomplete and/or incorrect Transaction report, including any report found to be incomplete and incorrect during the scrutiny referred to in item IV, shall be liable to

sanctions ...

sanctions comprising a fine of Rp 50,000 (fifty thousand rupiahs) for each incomplete and/or incorrect record to a maximum fine of Rp 20,000,000 (twenty million rupiahs).

Example 12 (Incomplete Report):

Company X in Indonesia receives funds for exports amounting to USD5,000.- through an Overseas Current Account (OCA) from a non-affiliated company (N) in Singapore (SG).

Based on this example, the correct reporting of the transaction in Foreign Exchange Flows through the OCA is: transaction code (1011), transaction counterparty codes consisting of a country code (SG) and financial relationship code (N), and transaction value (USD5,000.-).

If the Company reports only the transaction counterparty codes (SG and N) and the transaction value (USD5,000.-), but the transaction code (1011) is left blank, the report shall be deemed incomplete in respect of 1 (one) record.

Example 13 (Incorrect Report):

Company Y in Indonesia pays USD1,500.- for imports through its Overseas Current Account (OCA) to an affiliated company-shareholder (P) in Singapore (SG).

Based on this example, the correct reporting of the transaction in Foreign Exchange Flows through the OCA is: transaction code (2012), transaction counterparty codes consisting of country code (SG) and financial relationship (P), and transaction value (USD1,500.-).

If the company has completed all information and data fields, but the country code should be filled in with SG but is filled in as ID, the report shall be deemed incorrect in respect of 1 (one) record.

Based on the above examples 12 and 13, if after clarification is requested by Bank Indonesia and the Company has not responded within the stipulated deadline or the response is received at Bank Indonesia past the deadline referred to in item III.B.2, Company X shall be liable to a fine of Rp 50,000 (fifty thousand rupiahs) for 1 (one) incomplete record and Company Y shall be liable to a fine of Rp 50,000 (fifty thousand rupiahs) for 1 (one) incorrect record.

B. Late Report Delivery

A reporting Company late in delivery of a Transaction Report shall be liable to a fine of Rp 1,000,000 (one million rupiahs) for each day of delay up to a maximum fine of Rp 10,000,000 (ten million rupiahs). The number of days of delay shall be calculated from the day after the end of the Report Delivery Period to the date that the report is received at Bank Indonesia within the Late Report Delivery Period as referred to in item II.C.3. In the particular case of transaction reports delivered after 16:00 hours local time at the end of the Report Delivery Period through 1 (one) day after the Report Delivery Period, the delay shall be deemed to be 1 (one) day.

Example 14:

A Transaction Report for the September 2003 reporting period is received at Bank Indonesia on November 7, 2003. The Company is deemed to have delivered the report 7 (seven) days late and shall be liable to a fine of Rp 7,000,000 (7 days x Rp 1,000,000).

Example 15:

A Transaction Report for the September 2003 reporting period is received at Bank Indonesia on November 17, 2003. The Company is

deemed ...

deemed late in delivery of the report and shall be liable to the maximum fine of Rp 10,000,000 (ten million rupiahs).

Example 16:

A Transaction Report for the August 2003 reporting period is received by Bank Indonesia at 17:00 hours local time on September 30, 2003, or 09:00 hours local time on October 1, 2003. The Company is deemed to have delivered the report 1 (one) day late and shall be liable to a fine of Rp 1,000,000 (1 day x Rp 1,000,000).

C. Non-Delivery of Reports

1. A Company failing to deliver a Transaction Report as referred to in item II.C.3.d. shall be liable to a fine of Rp 30,000,000 (thirty million rupiahs).

Example 17:

A Transaction Report for the September 2003 reporting period is received by Bank Indonesia on December 2, 2003. The Company shall be liable to a fine of Rp 30,000,000,00 (thirty million rupiahs).

2. If a reporting Company does not deliver a Transaction Report for 6 (six) consecutive reporting periods, Bank Indonesia shall issue a recommendation to the competent agency for imposition of administrative actions comprising revocation or cancellation of operating license after coordinating arrangements with the competent agency.

D. Failure to Furnish Bookkeeping Evidence, Records, and Documents Pertaining to Reporting of Foreign Exchange Flows.

In the case of any Company failing to furnish bookkeeping evidence, records, and required documents as referred to in item IV, Bank

Indonesia shall issue a recommendation to the competent agency for imposition of administrative sanctions comprising revocation or cancellation of operating license after coordinating arrangements with the competent agency.

E. Imposition of Sanctions

Sanctions on a Company as referred to in letters A, B, and C shall be imposed in a written notice of sanctions from Bank Indonesia with a copy to the competent agency and the State Treasury Office. The written notice of sanctions from Bank Indonesia shall state among others the type of offense and/or the amount of fine to be paid. notice ...

F. Payment of Fines

1. Fines shall be paid as referred to in items V.A., V.B., and V.C. not later than 1 (one) month after issue of notice of sanctions by Bank Indonesia.
2. Fines shall be paid as referred to in number 1 into the account of the State Treasury number 501.000000 at the local Bank Indonesia office.
3. A copy of the payment slip shall be delivered to Bank Indonesia not later than 1 (one) month after issue of notice of sanctions as referred to in number 1, subject to the following provisions:
 - a. For a reporting Company domiciled in the area of Jakarta, Depok, Bogor, Bekasi, Karawang, and Banten Province, the copy of the payment slip shall be delivered to:
Bank Indonesia
Directorate of Economic and Monetary Statistics c.q.
Balance of Payments Statistics Division
Building B, 14th floor, Jl. M.H. Thamrin No.2
Jakarta 10110

b. For ...

- b. For a reporting Company domiciled outside the area of Jakarta, Depok, Bogor, Bekasi, Karawang, and Banten Province, the copy of the payment slip shall be delivered to the local Bank Indonesia office as listed in the Technical Instructions (Appendix 3).
4. If Bank Indonesia has not received the payment slip by the deadline referred to in number 3, Bank Indonesia shall convey a letter of notification to the competent agency and the State Treasury Office for follow up in accordance with prevailing regulations.

VI. CONCLUDING PROVISIONS

- A. With the enactment of this Circular Letter, Circular Letter No. 4/5/DSM dated March 28, 2002, concerning Reporting of Foreign Exchange Flows Conducted by Non-Financial Institution Companies and Circular Letter No. 5/3/DSM dated February 10, 2003, concerning Amendment to Circular Letter No. 4/5/DSM dated March 28, 2002, concerning Reporting of Foreign Exchange Flows Conducted by Non-Financial Institution Companies is declared no longer valid.
- B. The provisions in this Circular Letter shall come into force for Foreign Exchange Flows conducted during the October 2003 reporting period to be submitted in November 2003.
- C. Imposition of sanctions as referred to in number V shall come into force commencing from February 1, 2004, for Foreign Exchange Flows conducted during the January 2004 reporting period.
- D. Companies requiring further explanations on how to comply with these reporting requirements may contact:
Bank Indonesia
Directorate of Economic and Monetary Statistics c.q.
Balance of Payments Statistics Division

Corporate Foreign Exchange Flows Help Desk

Telephone : 0-800-1501969 (toll free), 3817040, 3817041, 3817469

Facsimile : 0-800-1501829 (toll free), 3866063, 3501974.

E-mail : lldperusahaan@bi.go.id

The provisions in this Circular Letter shall come into force on November 1, 2003.

For the public to be informed, it is ordered that this Circular Letter be promulgated in the State Gazette of the Republic of Indonesia.

Kindly be informed.

BANK INDONESIA,

(signed)

HARTADI A. SARWONO
DEPUTY GOVERNOR