



Financial Services Authority
of the Republic of Indonesia

DUPLICATE OF
REGULATION OF FINANCIAL SERVICES AUTHORITY
OF THE REPUBLIC OF INDONESIA
NUMBER 22 /POJK.04/2019
CONCERNING
SECURITIES TRANSACTION

BY THE GRACE OF GOD ALMIGHTY

THE BOARD OF COMMISSIONERS OF FINANCIAL SERVICES AUTHORITY

- Considering :
- a. that securities transactions have become increasingly complex, it is necessary to issue a regulation that may support the implementation of securities transaction in an orderly, reasonable, and efficient manner;
 - b. that in order to further protect the capital market investors and participants interests as well as to improve the supervision of securities transaction conducted by the Financial Services Authority, it is necessary to amend the regulation concerning securities transaction;

- : c. that based on the considerations as referred to in letter a and letter b, it is necessary to enact the Regulation of Financial Services Authority concerning Securities Transaction;

Bearing in
Mind

1. Law Number 8 of 1995 concerning Capital Market (State Gazette of the Republic of Indonesia Number 64 of 1995, Supplement to State Gazette of the Republic of Indonesia Number 3608);
2. Law Number 24 of 2002 concerning State Debt Instruments (State Gazette of the Republic of Indonesia Number 110 of 2002, Supplement to State Gazette of the Republic of Indonesia Number 4236);
3. Law Number 19 of 2008 concerning State Shariah Securities (State Gazette of the Republic of Indonesia Number 70 of 2008, Supplement to State Gazette of the Republic of Indonesia Number 4852);
4. Law Number 21 of 2011 concerning Financial Services Authority (State Gazette of the Republic of Indonesia Number 111 of 2011, Supplement to State Gazette of the Republic of Indonesia Number 5253);

HAS DECIDED:

To enact : REGULATION OF FINANCIAL SERVICES AUTHORITY
CONCERNING SECURITIES TRANSACTION.

CHAPTER I GENERAL PROVISIONS

Article 1

In this Regulation of Financial Services Authority, the following terms shall mean:

1. Securities are promissory notes, commercial paper, shares, bonds, evidence of indebtedness, participation units of collective investment contracts,

futures contracts related to Securities, and all derivatives of Securities.

2. A Securities Transaction is every activity or contract made in order to obtain, release, or use Securities that may or may not result in a transfer of ownership.
3. A Party is a natural person, a company, a partnership, association, or any organized group.
4. A Securities Exchange is a Party organizing and providing the system and/or facilities to bring together offers of those who intend to buy and sell Securities.
5. A Securities Company is a Party who engages in the business of underwriter, broker-dealer, and/or investment manager.
6. A Securities Exchange Transaction is a contract between members of the Securities Exchange in accordance with the exchange rules, which relates to concerning the purchase, sale, borrowing, lending or other contractual arrangement regarding Securities or the price of Securities.
7. An Off-Exchange Transaction is Securities Transaction conducted amongst Securities Companies or between Securities Company with other Parties that are not regulated by the Securities Exchange, and Securities Transactions amongst Parties that are not Securities Companies.
8. A Clearing is a process to determine the rights and obligations arising from the Exchange Transactions and/or Off-Exchange Transactions.
9. A Netting is a Clearing activity that creates rights and obligations to deliver or receive a certain amount of Securities for each type of Securities transacted and to receive or pay a certain amount of funds for all Securities transacted.
10. An Underwriter is a Party making an agreement with an Issuer to conduct a Public Offering with or

without the obligation to purchase the remaining unsold Securities.

11. An Investment Manager is a Party other than an insurance company, pension fund or bank with respect to its own lawful activities, that, as a business, manages Securities Portfolios or collective investment Portfolios for clients or groups of clients.
12. A Broker-Dealer is a Party who engages in the business of buying and selling Securities for the account of others or for its own account.
13. A Custodian is a Party providing safekeeping services with respect to Securities and Securities-related assets and other services, including collection of dividends, interest, and other entitlements, the settlement of Securities Transactions, and agency services for clients who are account holders.
14. A Custodian Bank is a commercial bank that has obtained approval from the Financial Services Authority as a Custodian.
15. A Clearing and Guarantee Institution is a Party that clears and guarantees the settlement of Securities Exchange Transaction.
16. A Central Securities Depository is a Party acting as a central Custodian for Custodian Banks, Securities Companies, and others.
17. A Member of the Securities Exchange is a Securities intermediary that has obtained a business license from the Financial Services Authority and has the right to use the system of the Stock Exchange and/or facilities in accordance with Stock Exchange regulations.
18. State Debt Instruments is state debt instruments as referred to in Law Number 24 of 2002 concerning State Debt Instruments and state sharia bonds as referred to in Law Number 19 of 2008 concerning State Sharia Securities.

19. A Securities Account is a record showing a position of Securities and/or funds of the Parties at the Custodian.
20. A Client is a Party using the services of the financial service provider in the capital market sector.
21. A Public Offering is Securities offering activities performed by the Issuer to sell Securities to the public based on the procedures regulated under the Law concerning the capital market and its implementing regulations.
22. An Issuer is a Party conducting Public Offering.
23. A Public Company is an Issuer that has conducted a Public Offering of equity Securities or a public company.
24. A Securities Administration Agency is a Party conducting the record of Securities ownership and the distribution of rights related to Securities based on a contract with the Issuer.
25. Pre-Emptive Rights, hereinafter abbreviated as HMETD, are the rights attached to the shares that allow the existing shareholders to purchase shares and/or other equity Securities either the ones convertible into shares or the ones granting rights to purchase shares, before offered to other Parties.
26. Investment Products are mutual funds, asset-backed securities, infrastructure investment trusts, real estate investment trusts, multi-asset investment funds in the form of collective investment contracts, and other Investment Products stipulated by the Financial Services Authority.

Article 2

- (1) Securities Transactions set forth in this Regulation of Financial Service Authority covers Securities Transactions over Securities that are regulated and/or supervised by the Financial Service Authority.

- (2) Securities transactions as referred to in clause (1), covers the types of transactions as follows:
- a. securities offering by a securities issuer;
 - b. outright sale and purchase;
 - c. grant or testamentary bequest;
 - d. gifts, donations, gratuities, and the like;
 - e. inheritance;
 - f. waqf;
 - g. exchange;
 - h. transfer due to court order;
 - i. transfer due to merger, consolidation, acquisition, or spin-off;
 - j. lending and borrowing;
 - k. repurchase agreement transaction;
 - l. book-entry settlement of Securities conducted by the same Party;
 - m. repurchase;
 - n. transfer of Securities in order to create and repurchase/settlement of participation units of mutual funds traded at the Stock Exchange;
 - o. conversion into other Securities;
 - p. collateral of Securities; and
 - q. other types of Securities transactions stipulated by the Financial Services Authority.

Article 3

Securities transactions conducted by a state and/or government institution implementing policies in managing State Debt Instruments, monetary, and deposit collateral are not subject to this Regulation of Financial Services Authority.

Article 4

Securities transaction is obligated to be conducted in an orderly, reasonable, and efficient manner.

Article 5

Securities transactions may be conducted by each Party directly, or through Underwriter, Broker-Dealer, Investment Manager, and other Parties stipulated by the Financial Services Authority.

Article 6

- (1) Securities transactions may be conducted in the primary market and/or in the secondary market.
- (2) Securities transactions in the secondary market may be conducted through Securities Exchange Transaction or Off-Exchange Transaction.
- (3) Off-Exchange Transaction as referred to in clause (2) may be executed through direct negotiation between Parties or through the off-exchange trading operator that has obtained license from the Financial Services Authority.

Article 7

- (1) Securities transactions in the primary market are to be conducted in accordance with the provisions of laws and regulations in the capital market sector on Securities offering.
- (2) Securities transactions in the primary market as referred to in clause (1) are binding upon the distribution of Securities, exercise of Securities, allotment of Securities, and/or expiration of the Securities offering period.

Article 8

- (1) Securities transactions of Investment Products are to be conducted in accordance with the provisions of laws and regulations in the capital market sector on Investment Products.
- (2) Securities transactions of Investment Products which are not listed and transacted at the Securities Exchange are binding upon the Securities of the

Investment Products are issued or repurchased/settled.

Article 9

The settlement of Securities transactions may be performed through electronic book-entry settlement or physical settlement.

Article 10

- (1) The settlement of Securities Transactions that have been executed by:
 - a. Central Securities Depository on the Securities deposited in the Central Securities Depository;
 - b. the Parties conducting Securities Transactions of Securities with script through a valid deed of transfer;
 - c. Clearing and Guarantee Institution on a futures contract and options contract; and
 - d. Custodian Bank on Investment Products Securities that are not listed and transacted at the Stock Exchange,are final and irrevocable.
- (2) The settlement of Securities Transaction of State Debt Instruments that are final and irrevocable is to be conducted in accordance with the provisions of laws and regulations.

Article 11

- (1) Record of Securities in:
 - a. Central Securities Depository in electronic form of the Securities deposited in collective custody at the Central Securities Depository;
 - b. Securities Administration Agency or Issuer and/or public company administering its own Securities of Securities with script;

- c. Clearing and Guarantee Institution of futures and options contracts transacted at the Securities Exchange; and/or
 - d. Custodian Bank of the Securities of Investment Products that are not listed and transacted at the Securities Exchange,
- construed as a valid record of ownership of Securities.
- (2) The record of ownership of State Debt Instruments shall be conducted in accordance with the provisions of laws and regulations.

CHAPTER II SECURITIES EXCHANGE TRANSACTION

Article 12

Securities Exchange may stipulate more than one type of markets in the Securities Exchange Transactions managed and supervised by the Securities Exchange.

Article 13

- (1) The Securities Exchange is obligated to have rules set forth the terms and conditions for each type of the markets in the Securities Exchange Transaction.
- (2) Securities Exchange rules as referred to in clause (1) is obligated to set forth at least:
 - a. when the contract starts to bind;
 - b. provisions concerning the date of settlement of the Securities Exchange Transaction;
 - c. provisions concerning the rights of Member of the Securities Exchange; and
 - d. provisions concerning the time limit and type of information which may be amended in Securities Exchange Transaction.

Article 14

The Securities Exchange may prohibit its member from performing Off-Exchange Transaction of the Securities that are listed at Securities Exchange.

Article 15

The Securities Exchange is prohibited from making rules that prohibit or prevent Securities Companies, Issuers, Securities Administration Bureau, or other Parties from:

- a. transferring Securities from one Securities Account to other Securities Account at or among Custodian Banks or Securities Companies;
- b. transferring the Securities into on behalf of the Securities Company, Clearing and Guarantee Institution, or Securities funding institution to be used as collateral;
- c. transferring Securities in order to execute Securities Transaction by taking into account the provision on Article 14;
- d. registering Securities obtained through Off-Exchange Transactions; and
- e. requiring the transfer of Securities to be based on Securities Exchange Transactions.

Article 16

Securities Exchange transactions are binding upon the demand for purchase and offer to sell Securities, a sale and purchase agreement, or an agreement on other contracts between Securities Exchange Members matched through the Securities Exchange trading system.

Article 17

Clearing of Securities Exchange Transactions may be executed through Netting or per-transaction.

Article 18

Clients of the Securities Exchange Members are only responsible to fulfill their obligations to the Securities Exchange Members that execute Securities Exchange Transactions for the interest of the Clients and are not responsible to other Parties including Clearing and Guarantee Institutions, other Securities Exchange Members, and other Clients of the Securities Exchange Members.

Article 19

- (1) In the event of the settlement of the Securities Exchange Transactions conducted with Clearing by means of Netting and book-entry, the legal relationship between the Securities Exchange Members that creates rights and obligations related to these Transactions shifts to a legal relationship between the clearing members and the Clearing and Guarantee Institution when the Securities Exchange Transactions become binding.
- (2) With the shift of legal relationship as referred to in clause (1), each Securities Exchange Member executing the Securities Exchange Transaction is not entitled to make claims against one another.

Article 20

- (1) To prevent the failure of Securities delivery, the settlement of Securities Exchange Transaction by the Clearing and Guarantee Institution may use an alternative cash settlement mechanism.
- (2) The use of alternative cash settlement mechanism as referred to in clause (1) shall be executed in accordance with the rules of the Clearing and Guarantee Institution.

Article 21

The guarantee of Securities Exchange Transaction settlement is to be performed by the Clearing and Guarantee Institution based on the Regulation of Financial Services Authority on the guarantee of settlement for the Securities Exchange Transaction.

CHAPTER III

OFF-EXCHANGE TRANSACTION

Article 22

Off-Exchange Transactions conducted through direct negotiation and not through an off-exchange trading operator become binding at the time of allotment, upon the consensus of the Parties, upon the approval of the Parties, or at the time stipulated by judicial institutions or applicable laws and regulations.

Article 23

- (1) Off-Exchange Transactions executed through an off-exchange trading operator become binding upon the demand for purchase and offer to sale or the agreement of sale and purchase of the off-exchange trading operator service users meet through the system of the off-exchange trading operator.
- (2) Cancellation and correction of the Off-Exchange Transaction conducted through an off-exchange trading operator is to be conducted in accordance with the rule on the off-exchange trading operator.

Article 24

- (1) Broker-Dealers that conduct Off-Exchange Transactions for its own interest is obligated to ensure the availability of the documents that serve as the underlying of the Off-Exchange Transactions.
- (2) Broker-Dealers and/or Custodians conducting or settling Off-Exchange Transaction for the interest of

its Clients is obligated to ensure the availability of the documents of instructions from the Clients and documents that serve as the underlying of the Clients' transactions.

- (3) Broker-Dealers and/or Custodians conducting or settling Off-Exchange Transactions for its own interest or for the interest of its Clients of the State Debt Instruments is obligated to ensure the transactions conducted in accordance with the terms and conditions of the State Debt Instruments.

Article 25

- (1) In the event that Clearing and/or guarantee is conducted for Off-Exchange Transactions executed through an off-exchange trading operator, the Clearing and/or guarantee may be conducted by the Clearing and Guarantee Institution.
- (2) The guarantee as referred to in clause (1) shall be conducted based on the shift of legal relationship from the legal relationship between the service users of the off-exchange trading operator conducting Securities Transactions at the off-exchange trading operator, to the relationships between the clearing members and the Clearing and Guarantee Institution at the time when the Off-Exchange Transactions conducted through the off-exchange trading operator become binding.
- (3) With the shift of legal relationship as referred to in clause (2), each service user of the off-exchange trading operator executing Securities Transactions through the off-exchange trading operator may not make claims against one another.

CHAPTER IV
SECURITIES TRANSACTIONS BY BROKER-DEALERS

Article 26

- (1) Securities Transactions conducted by the Broker-Dealer for the interest of its Clients may be conducted by the Broker-Dealer through executing order and:
 - a. matching the order from the order of the transaction counterparty of the Client; or
 - b. becoming the counterparty of the Client's transactions or becoming the counterparty of the other Party's transactions on the order of the Client.
- (2) In the event that the Broker-Dealer becomes a counterparty of other Party's transactions on the order of the Client as referred to in clause (1) letter b, the Client shall only be bound to the Broker-Dealer executing the order of the Securities Transactions and shall not be bound to the other Party.

Article 27

In conducting Securities Transactions, the Broker-Dealer is obligated to first conduct the following:

- a. ensuring that the Securities Transaction is conducted by the authorized official or employee of the Broker-Dealer;
- b. ensuring the availability of sufficient funds and/or Securities for the settlement of Securities Transactions; and/or
- c. having a document of obligations with the Client setting forth the rights and obligations between the Broker-Dealer and the Client.

Article 28

- (1) The Broker-Dealer is obligated to send a written confirmation to the counterparty of the transaction and/or the Client for each Securities Transaction that has been executed on the day when the Securities Transaction is conducted.
- (2) The delivery of the written confirmation to the counterparty of the transaction as referred to in clause (1) is to be exempted in the event that the Broker-Dealer conduct Securities Transaction through the Securities Exchange or off-exchange trading operator.
- (3) The written confirmation as referred to in clause (1) binds the Client, the counterparty, and the Broker-Dealer, unless there is objection with respect to the confirmation submitted at the latest 1 (one) business day after the reception of the confirmation by one of the parties.

Article 29

- (1) The written confirmation as referred to in Article 28 clause (1) is obligated to contain information at least:
 - a. information on the Broker-Dealer, the counterparty of the transaction, and/or the Client:
 1. name of the Broker-Dealer;
 2. name of the counterparty of the transaction or the Client;
 3. name and position of the party authorized to execute the transaction from the counterparty of the transaction or the Client;
 4. the third party managing the collateral in the repurchase agreement transaction, if any third party managing the collateral in the transaction of the repurchase agreement is present; and

5. the third party becoming the calculation agent in calculating the risk or margin of the derivative transactions if any third party acting as the calculation agent in the calculating of the risk or margin of the derivative transactions is present;
- b. information on the Securities Transaction:
1. the type of Securities Transaction;
 2. the name and code of the Securities being transacted;
 3. the price;
 4. the amount;
 5. the value;
 6. the net value of the transaction;
 7. the currency;
 8. the returns or coupon rate (for the sale and purchase of debt Securities or sukuk);
 9. the price rate (for the transaction of repurchase agreement or Securities lending and borrowing);
 10. the market where the Securities Transaction is conducted (at the Securities Exchange/Off-Exchange/Off-exchange trading operator);
 11. the date of the Securities Transaction;
 12. the date of purchase and the date of repurchase (for the transaction of a repurchase agreement or Securities lending and borrowing);
 13. the settlement date; and
 14. the number of days of interest or profit sharing (number of days coupon) for debt Securities Transaction and sukuk;
- c. information on the settlement of Securities Transaction:
1. the account number of the Securities and/or account number of the funds;

2. the name and identity of the Custodian;
and
 3. the settlement mechanism of the Securities Transaction with payment (delivery versus payment), without payment (delivery versus free of payment), or with the delivery of Securities (delivery versus delivery); and
- d. information on the cost, if any information is present, concerning the cost of:
1. the commission fee charged;
 2. the Clearing and settlement fees; and/or
 3. the taxation information.
- (2) The written confirmation as referred to in Article 28 clause (1), may be made and sent electronically based on the consensus of the Parties.

CHAPTER V ADMINISTRATIVE SANCTIONS

Article 30

- (1) Any party violating the provisions as referred to in Article 4, Article 13, Article 15, Article 24, Article 27, Article 28, and Article 29 shall be subject to administrative sanctions.
- (2) Sanctions as referred to in clause (1) shall also be imposed against the party causing a violation as referred to in clause (1).
- (3) Sanctions as referred to in clause (1) and clause (2) shall be imposed by the Financial Services Authority.
- (4) Administrative sanctions as referred to in clause (1) in the form of:
 - a. written admonition;
 - b. fines, namely the obligation to pay a certain amount of money;
 - c. restriction of business activity;
 - d. suspension of business activity;
 - e. revocation of business license;

- f. cancellation of approval; and/or
 - g. cancellation of registration.
- (5) Administrative sanctions as referred to in clause (4) letter b, letter c, letter d, letter e, letter f, or letter g may be imposed with or without prior imposition of administrative sanctions in the form of written admonition as referred to in clause (4) letter a.
- (6) Administrative sanctions in the form of fines as referred to in clause (4) letter b may be imposed separately or jointly with the imposition of administrative sanctions as referred to in clause (4) letter c, letter d, letter e, letter f, or letter g.
- (7) The procedure for imposing sanctions as referred to in clause (3) shall be conducted in accordance with the provisions of applicable laws and regulations.

Article 31

In addition to the administrative sanctions as referred to in Article 30 clause (4), the Financial Services Authority may take certain actions against any party violating to the provisions of this Regulation of Financial Services Authority.

Article 32

The Financial Services Authority may announce the imposition of administrative sanctions as referred to in Article 30 clause (4) and certain actions as referred to in Article 31 to the public.

CHAPTER VII

CLOSING PROVISIONS

Article 33

At the time when this Regulation of Financial Services Authority entered into force, the Decision of Chairman of the Capital Market Supervisory Agency Number Kep-42/PM/1997 concerning Securities Transaction along

with the Regulation Number III.A.10 which is construed as its attachment, is revoked and annulled.

Article 34

This Regulation of Financial Services Authority shall enter into force on the date of its promulgation.

For public cognizance, it is hereby ordered that this Regulation of Financial Services Authority be promulgated in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta
on 12 September 2019

CHAIRMAN OF THE BOARD OF
COMMISSIONERS OF FINANCIAL
SERVICES AUTHORITY

signage

WIMBOH SANTOSO

Promulgated in Jakarta
on 17 September 2019

MINISTER OF LAW AND HUMAN RIGHTS OF THE
REPUBLIC OF INDONESIA

signage

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 168 OF 2019

This copy is in accordance with its original
Director of Law 1
Department of Law

signage

Yuliana

ELUCIDATION
OF
REGULATION OF FINANCIAL SERVICES AUTHORITY
REPUBLIC OF INDONESIA
NUMBER 22 /POJK.04/2019
CONCERNING
SECURITIES TRANSACTION

I. GENERAL

The growing complexity of the Securities transaction development requires regulatory infrastructures supporting the implementation of an orderly, fair, and efficient Securities transaction. The legal framework regulating the Securities Transaction activities in Indonesia has manifested in several rules and regulations. Securities Transaction is regulated through Law Number 8 of 1995 concerning Capital Market, Law Number 24 of 2002 concerning State Debt Instruments, and Law Number 19 of 2008 concerning State Sharia Securities.

Financial Services Authority has also enacted a regulation related to Securities Transaction, namely Regulation Number III.A.10, attachment to the Decision of Chairman of Capital Market Supervisory Agency Number Kep-42/PM/1997 concerning Securities Transaction. Nonetheless, the regulation has not yet regulated all types of Securities existing in the Capital Market, as the regulation related to Off-Exchange Transaction activities remains inadequate and has not covered the provisions on Securities Transaction for Broker-Dealers other than Securities Company.

Having due regard to the aforementioned matters and in order to provide a comprehensive legal basis in Securities Transaction activities in the Indonesian capital market, it is necessary to make an adjustments and improvements to Regulation Number III.A.10 concerning Securities Transaction. The attempts are

required to support a secure, efficient, and integrated Securities Transaction. In addition, the legal framework of the clearing and settlement activities of Securities Transaction in this Regulation of Financial Services Authority also refers to the Principles for Financial Market Infrastructures (PFMI's) issued by the Committee on Payment and Financial Market Infrastructures and International Organization of Securities Commission (CPMI-IOSCO).

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory.

Article 2

Clause (1)

The provision on the scope of Securities Transaction that only covers Securities Transaction of the Securities regulated and/or supervised by the Financial Services Authority is implemented to accommodate the exemption of Securities Transaction under the supervision of other agencies or institutions, among others, the regulation and supervision of State Debt Instruments in the primary market which is under the authority of the Ministry of Finance according to Law Number 24 of 2002 concerning State Debt Instruments and Law Number 19 of 2008 concerning State Sharia Securities.

Clause (2)

Letter a

"Securities offering by a securities issuer" means the offering of Securities either with or without a Public Offering.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Letter g

Self-explanatory.

Letter h

Self-explanatory.

Letter i

Self-explanatory.

Letter j

Self-explanatory.

Letter k

"Repurchase agreement transaction" means a contract of sale or purchase of Securities with a promise buyback or sell back at a predetermined time and price as referred to in the Regulation of Financial Services Authority Number 9/POJK.04/2015 concerning Guidelines on Repurchase Agreement Transaction for Financial Services Institutions.

Letter l

Self-explanatory.

Letter m

"Repurchase" means, among others, the buyback/settlement of Securities issued and the buyback of shares by a public company.

Letter n

Self-explanatory.

Letter o

Self-explanatory.

Letter p

Self-explanatory.

Letter q

Other types of Securities Transaction stipulated by the Financial Services Authority, among others, is the distribution of economic benefits in the form of Securities from Investment Products.

Article 3

Self-explanatory.

Article 4

"Securities Transaction conducted in an orderly, reasonable, and efficient manner" means a Securities Transaction conducted based on a clear rule and executed consistently. Therefore, the final price should reflect the market mechanism occurring based on the power of supply and demand. An efficient Securities Transaction shall be reflected through a fast transaction settlement with a relatively low cost.

Article 5

Self-explanatory.

Article 6

Clause (1)

"Primary market" means the activities of offering and/or selling Securities for the first time by a Securities issuer, either conducted through a Public Offering or without a Public Offering.

Share ownership program through the issuance of new shares is part of activities from the primary market.

"Secondary market" means an activity of Securities Transaction of the Securities having been sold in the primary market.

Clause (2)

Self-explanatory.

Clause (3)

"Off-exchange trading operator" means a Party operating and providing or using an electronic system to match Securities Transactions among service users continuously outside of the Securities Exchange.

The off-exchange trading operator that has been regulated by the Financial Services Authority, among others, is the alternative market operator.

Article 7

Clause (1)

"Provisions of laws and regulations in the capital market sector related to Securities offerings," among others, are the regulations that regulate the registration procedures for Public Offering, Sustainable Public Offering of debt securities and/or

sukuk, a capital increase in a public company by providing HMETD, and a Public Offering of debt Securities and/or sukuk to professional investors.

Clause (2)

The example of the binding point of Securities Transaction in the primary market are among others as follows:

1. Securities Transaction in the primary market through a Public Offering shall bind at the time of Securities allotment.
2. Securities Transaction in the primary market through a capital increase with HMETD shall bind at the time of the distribution of the HMETD.
3. Securities transaction in the primary market organized to exercise the HMETD shall bind at the time of payment.
4. Securities transaction in the primary market for the additional order in the exercise of HMETD shall bind at the time of allotment.
5. Securities transaction in the primary market through a capital increase without HMETD by the issuance of new shares for the share ownership program shall bind at the time of the exercise of capital increase, namely on the date when the paid-up capital submitted by the investor who becomes the target of the share ownership program.
A share ownership program is a program that offers employees, members of the board of directors, and/or members of the board of commissioners of a Public Company and/or controlled companies who are eligible to own shares in a Public Company.
6. Securities transaction in the primary market through a capital increase without HMETD by the issuance of new shares in order to convert debt to become shares shall bind on the date of the debt conversion.
7. Securities transaction in equity crowdfunding shall bind at the end of the Securities offering period conducted by the Securities issuer through the crowdfunding service operator.

Article 8

Clause (1)

The Securities of Investment Products, among others, are in the forms of participation units, shares, and others stipulated by the Financial Services Authority, such as asset-backed Securities in the form of participation letters.

Laws and regulations in the capital market sector related to the Securities Transaction of Investment Products, among others, include laws and regulations in the capital market sector regulating mutual funds, asset-backed Securities, investment funds for infrastructure in the form of collective investment contracts, investment funds for real estate, and investment funds in multi-asset in the form of collective investment contracts.

Clause (2)

Self-explanatory.

Article 9

"Electronic book-entry settlement" means the fulfilment of rights and obligations arising from the Securities Transaction executed by deducting/adding Securities and/or funds electronically, among others through Securities accounts and/or fund accounts.

"Physical settlement" means a settlement of the Securities Transaction of Securities with script executed, among others, by delivering Securities with script along with the issuance of a new Securities with script by the Securities Administration Agency or the Issuer and/or a public company administering its own Securities or by signing on the certificate of the Securities with script (endorsement).

Article 10

Clause (1)

Letter a

Self-explanatory.

Letter b

A deed of transfer may be in the form of a deed made before a notary or a private deed.

Letter c

"Futures contract" means an agreement obligating the Parties to purchase or sell a certain amount of the underlying Securities at a certain price and within a certain period of time in the future.

"Option" means the right owned by a Party to purchase or sell to other Parties, a certain amount of Securities at a certain price and within a certain period of time.

Letter d

Self-explanatory.

Clause (2)

"Laws and regulations" means, among others, the Regulation of the Bank of Indonesia concerning the auction and administration of State Debt Instruments, transactions management, administrative management of securities, and prompt fund settlement.

Article 11

Clause (1)

Letter a

"Collective custody" means a custody service for Securities jointly owned by more than one Party who have their interests represented by the Custodian.

Letter b

"Public company" means a company that has its shares owned by at least 300 (three hundred) shareholders and has a paid-up capital of no less than Rp3,000,000,000.00 (three billion Rupiahs) or a number of shareholders and paid-up capital stipulated by the Government Regulation.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Clause (2)

"Provisions of laws and regulations" means, among others, the Regulation of the Bank of Indonesia concerning the auction and administration of State Debt Instruments, transactions management, administrative management of securities, and prompt fund settlement.

Article 12

Self-explanatory.

Article 13

Clause (1)

Self-explanatory.

Clause (2)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

"Provisions concerning the rights of the Securities Exchange Members" means the provisions concerning the Rights of the Securities Exchange Members to purchase, among others, dividends, bonus shares, interest, and HMETD, provisions on the rights of the Securities Exchange Members in the event of a delay or failure in the settlement of Securities Exchange Transaction, and provisions on the collection of the rights of the Securities Exchange Members to purchase and refund tax.

Letter d

Self-explanatory.

Article 14

Self-explanatory.

Article 15

Self-explanatory.

Article 16

"Matched" in this article means the conformity of price and/or amount of Securities.

"Other contracts" in this article means, among others, Securities lending and borrowing transactions.

Article 17

Per-transaction clearing means a clearing activity arising rights and obligations to each Securities Transaction conducted directly of the transacted Securities.

Article 18

Self-explanatory.

Article 19

Self-explanatory.

Article 20

Self-explanatory.

Article 21

At the time when this Regulation of Financial Services Authority comes into force, the laws and regulations in the Capital Market sector regulating related to exchange transaction settlement guarantee is the Regulation of Financial Services Authority Number 26/POJK.04/2014 concerning Exchange Transaction Settlement Guarantee.

Article 22

Off-Exchange Transaction becomes binding at the time of allotment, among others, the Public Offering of shares conducted by the shareholders of Public Company.

Off-Exchange Transaction becomes binding based on the Parties' approval such as grants, testamentary bequest, or *waqf*.

Article 23

Self-explanatory.

Article 24

Clause (1)

"The underlying document of transactions" means, among others, an outright sale and purchase agreement, a repurchase agreement transaction, a Securities lending and borrowing agreement, a grant agreement, a deed of inheritance, a deed of *inbreng*, a writ of

execution from the judicial institution, or a confirmation of Securities Transaction.

Clause (2)

Self-explanatory.

Clause (3)

Self-explanatory.

Article 25

Clause (1)

Broker-Dealer included in this Regulation of Financial Services Authority includes the Securities Companies conducting business activities as Broker-Dealer as well as banks and other Parties registered as Securities Broker-Dealers for debt Securities and sukuk.

Clause (2)

Clients and Broker-Dealers are bound to the amount and type of Securities, price, and settlement date of Securities Transaction.

"Other Party" means, among others, other Broker-Dealers or Clearing and Guarantee Institutions that become the Party or involved in the Exchange Transaction or the Off-Exchange Transaction.

Article 27

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

"Document of obligation" means a document showing a customer relationship between the Broker-Dealer and the Client, for example the Securities account opening contract.

Article 28

Self-explanatory.

Article 29

Self-explanatory.

Article 30

Self-explanatory.

Article 31

"Certain actions" mean, among others, the measures taken by the Financial Services Authority to order the Broker-Dealer to revise its standard operating procedures.

Article 32

Self-explanatory.

Article 33

Self-explanatory.

Article 34

Self-explanatory.

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