

Legal Framework on Securities Account

21st ACG Cross Training Seminar - Yogyakarta, March 5th 2019

Legal Regulations on Securities Account In Indonesia

Capital Markets
Law



Law Number 8 of 1995 on Capital Market

OJK Regulations



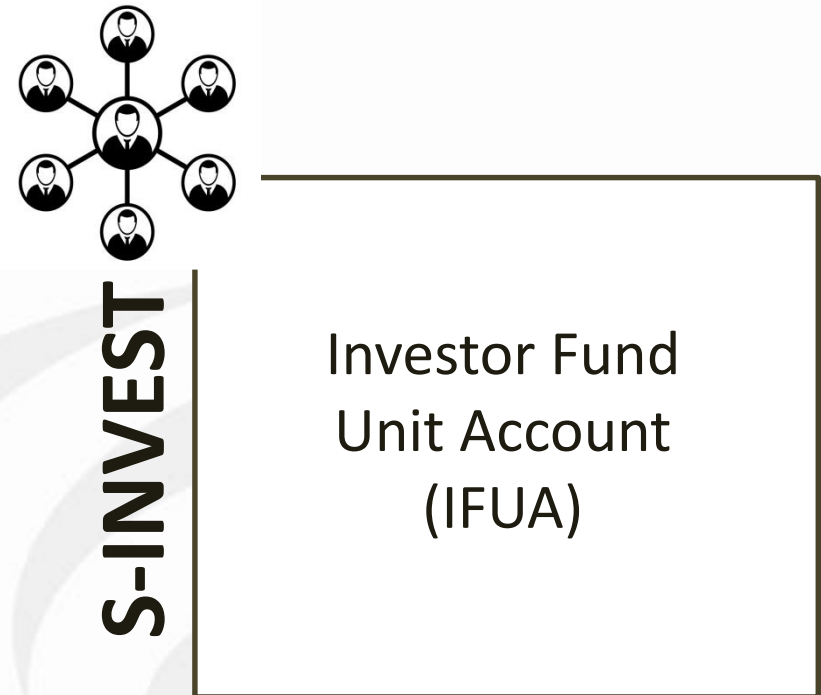
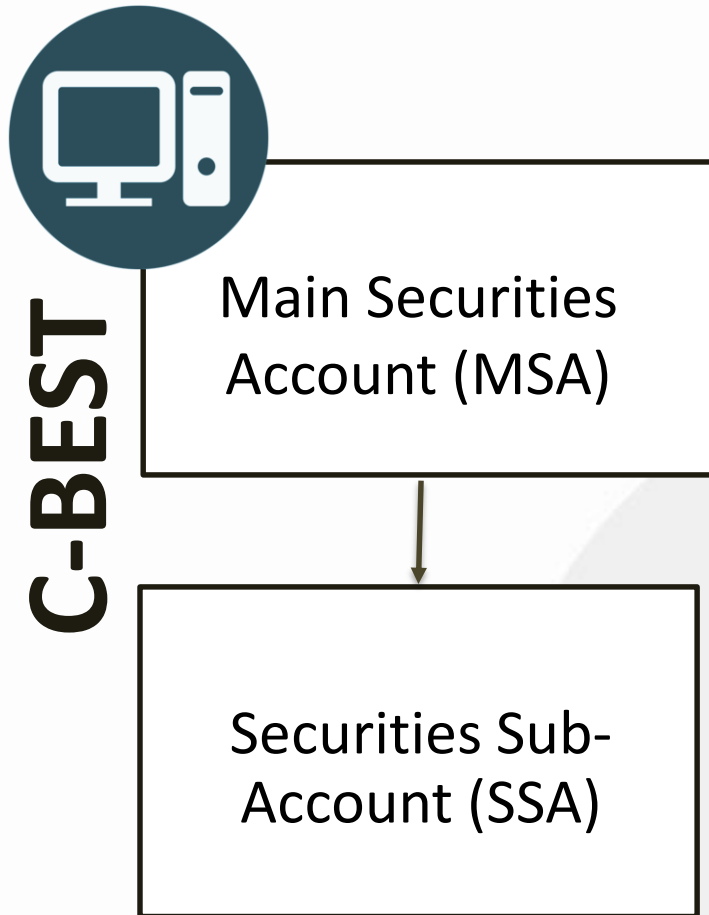
Financial Services Authority (OJK) rules and regulations, including regulations issued previously by Bapepam-LK (former FSA)

KSEI Regulations,
Agreement, and
Procedures



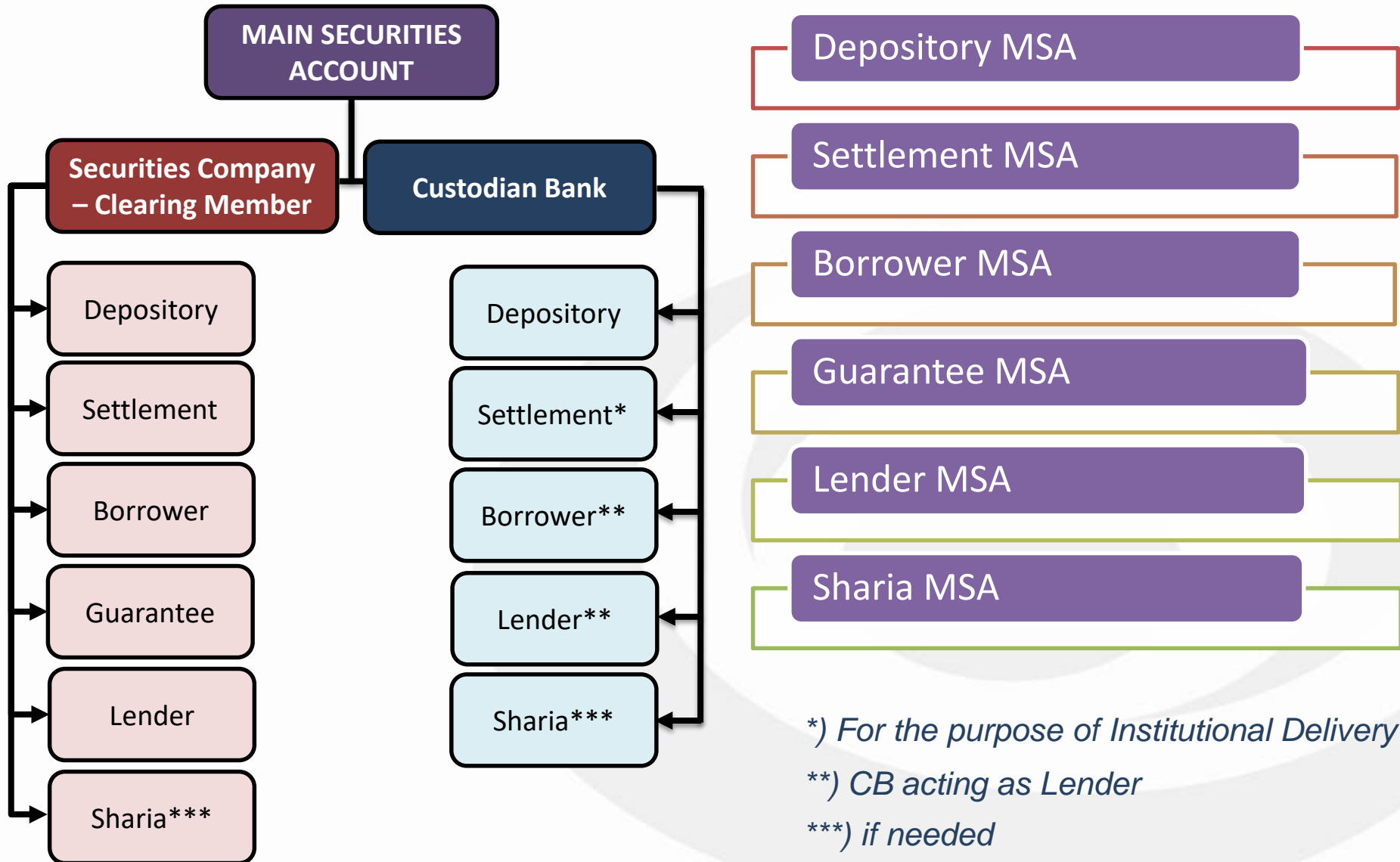
KSEI regulations, agreements on securities account, and internal procedures related to securities account

Higher Level



Type and Structure of Main Securities Account

Regulation of KSEI No I-B Regarding Main Securities Account





Who is eligible to open MSA?

- Securities Company
- Custodian Bank
- Other party approved by OJK



Regulation of KSEI No I-B
Regarding Main Securities
Account



What are the requirements to open MSA?

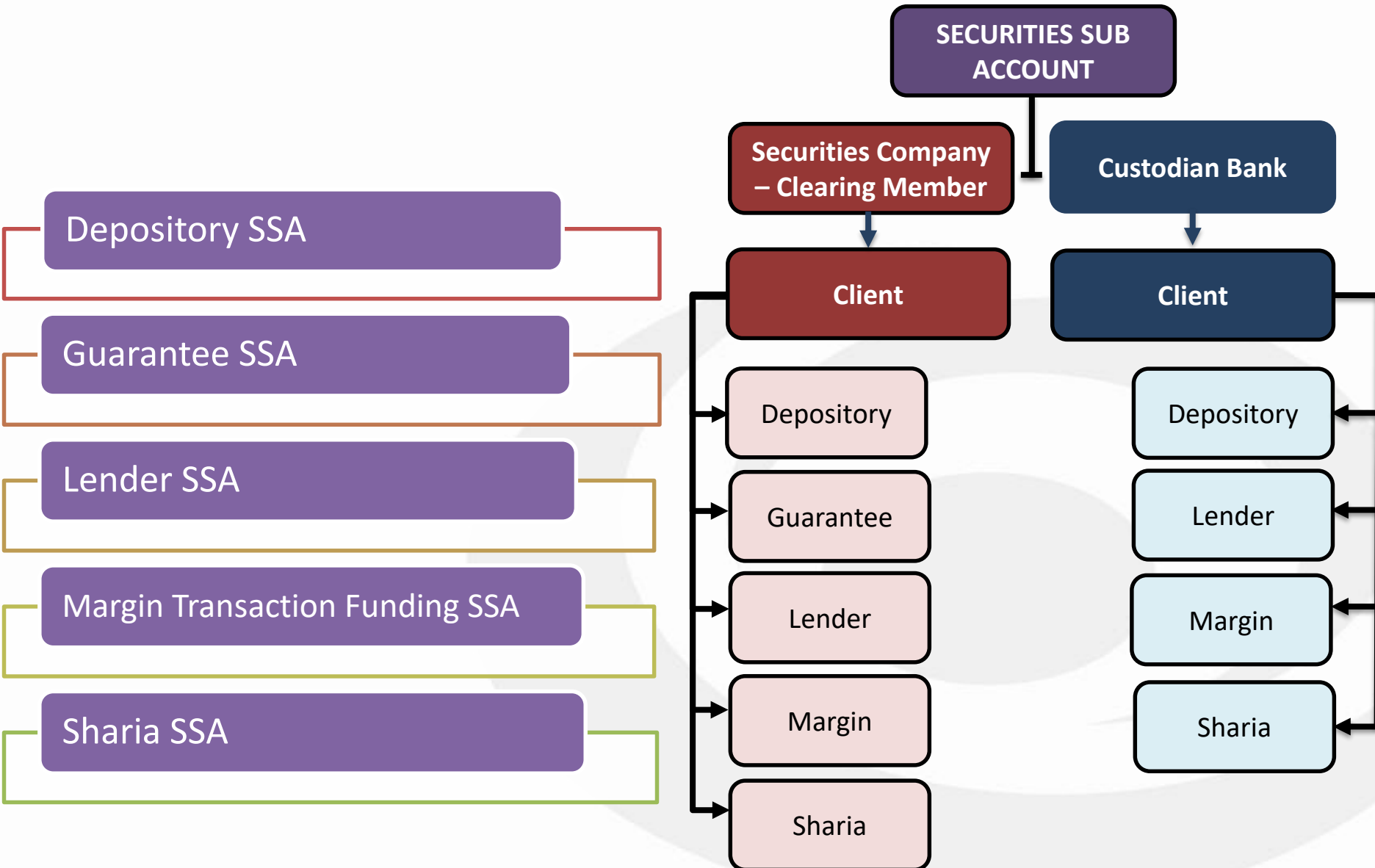
- Execute the Agreement on Securities Account using the standard contract of KSEI
- Submit the Articles of Association together with its amendments
- Submit business permit/approval from OJK
- Other requirements stipulated in KSEI regulations and agreement



Regulation of KSEI
Regarding Central
Custodian Services

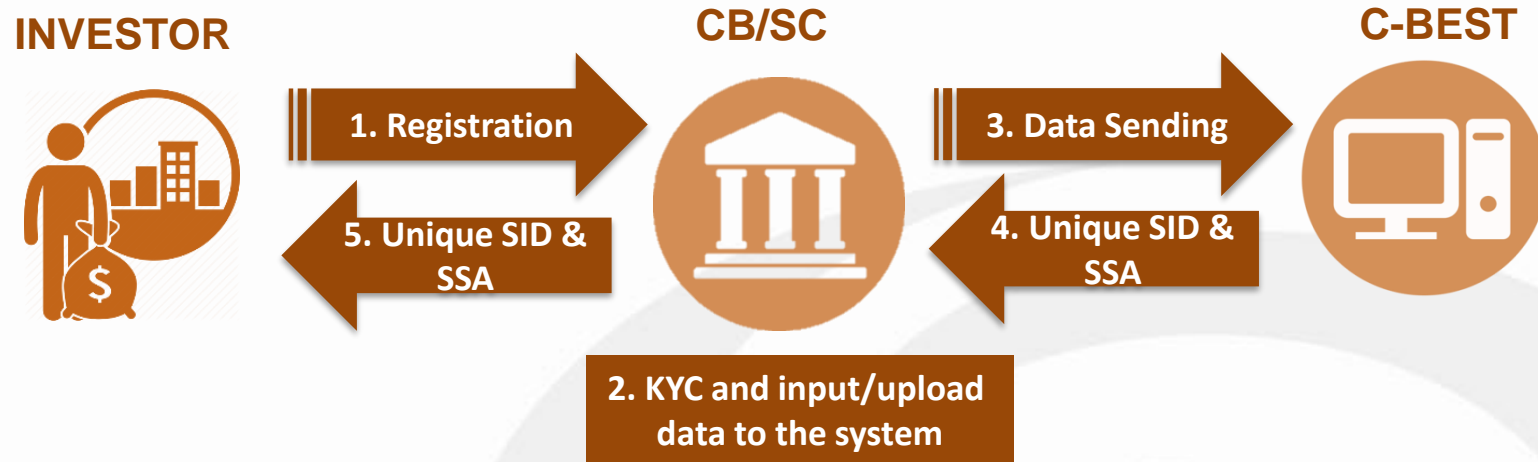
Type and Structure of Securities Sub Account

Regulation of KSEI No I-C Regarding Securities Sub Account

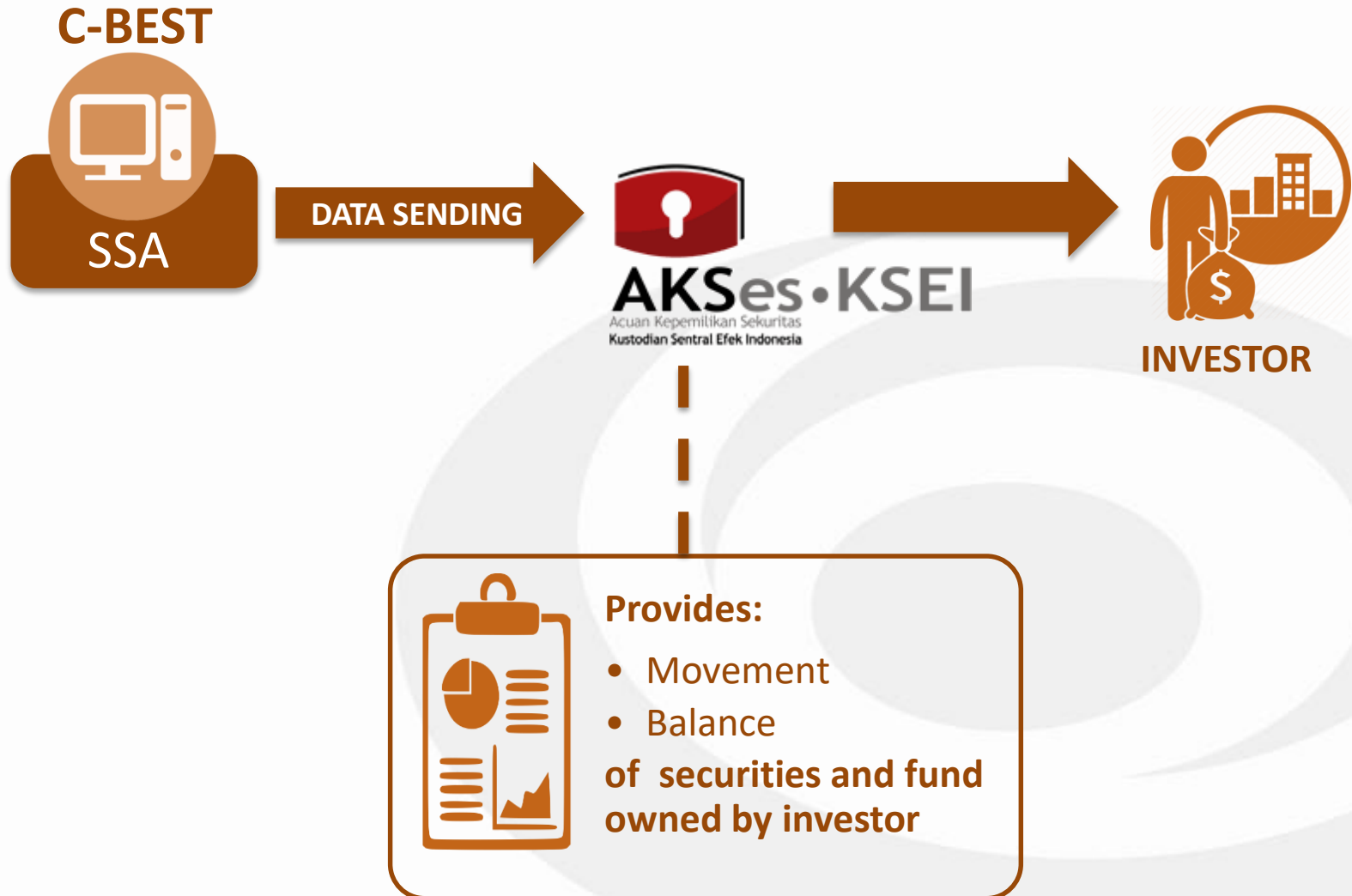


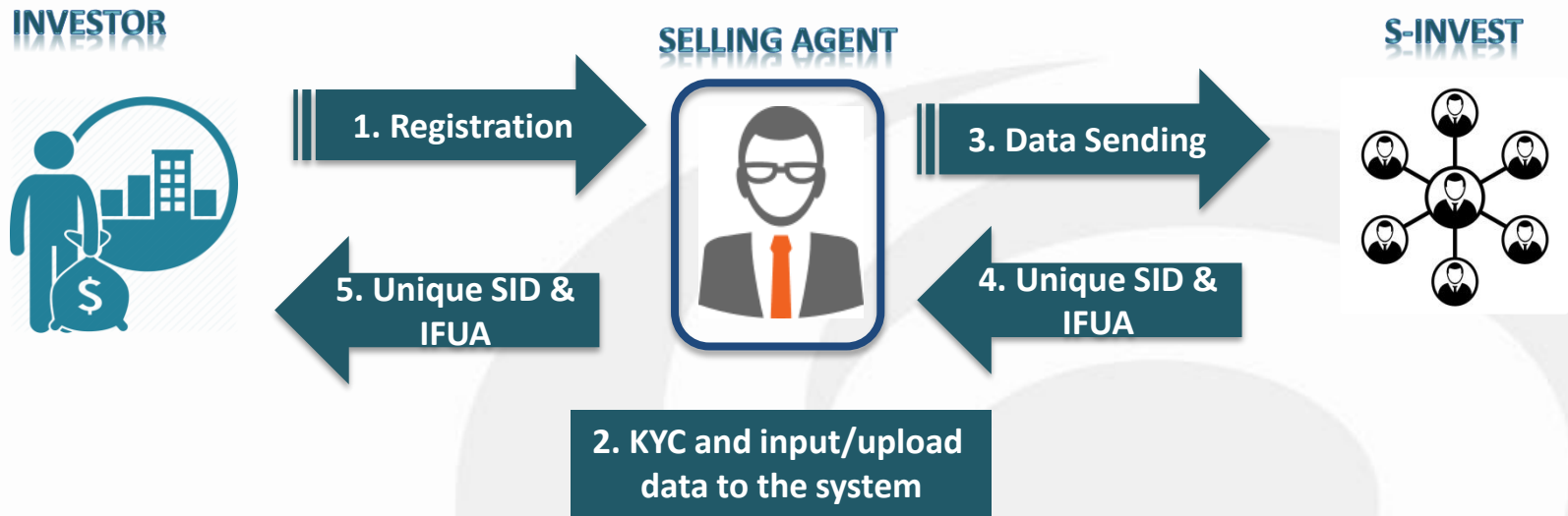
The Opening of Securities Sub Account

Regulation of KSEI No I-C Regarding Securities Sub Account

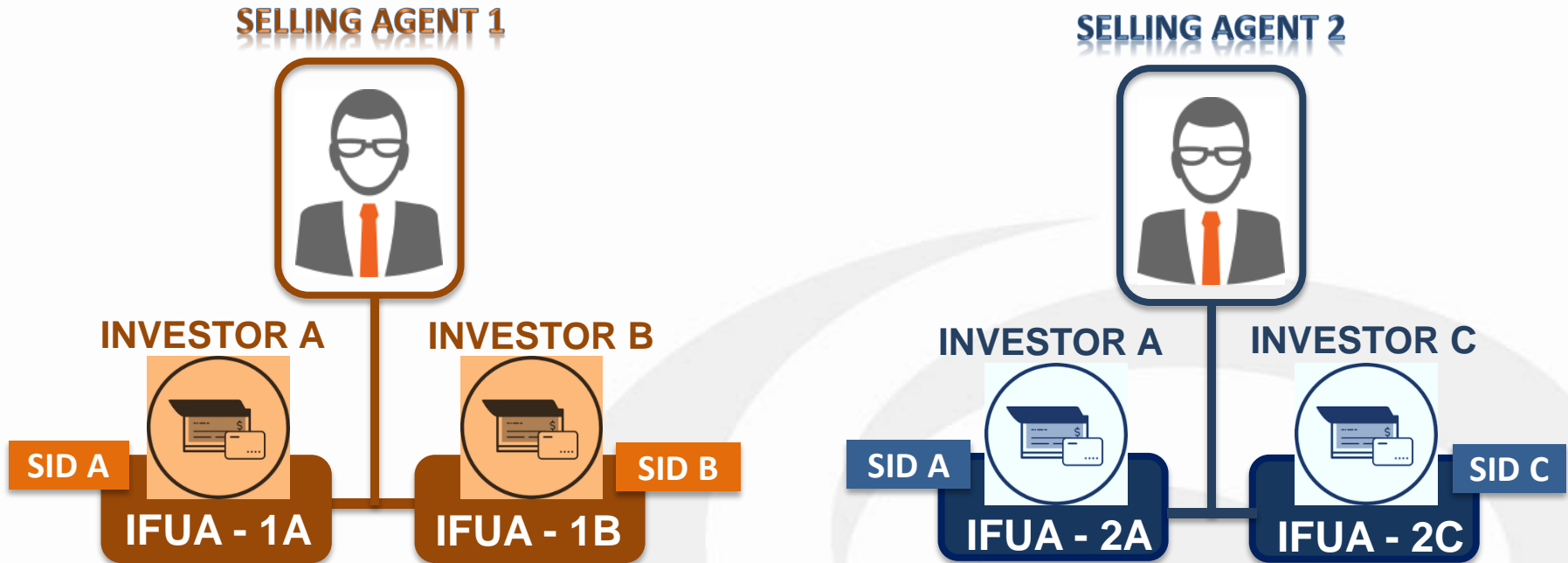


Investor can open SSA in more than one CBs/SCs, but only have one *Single Investor Identification (SID)*





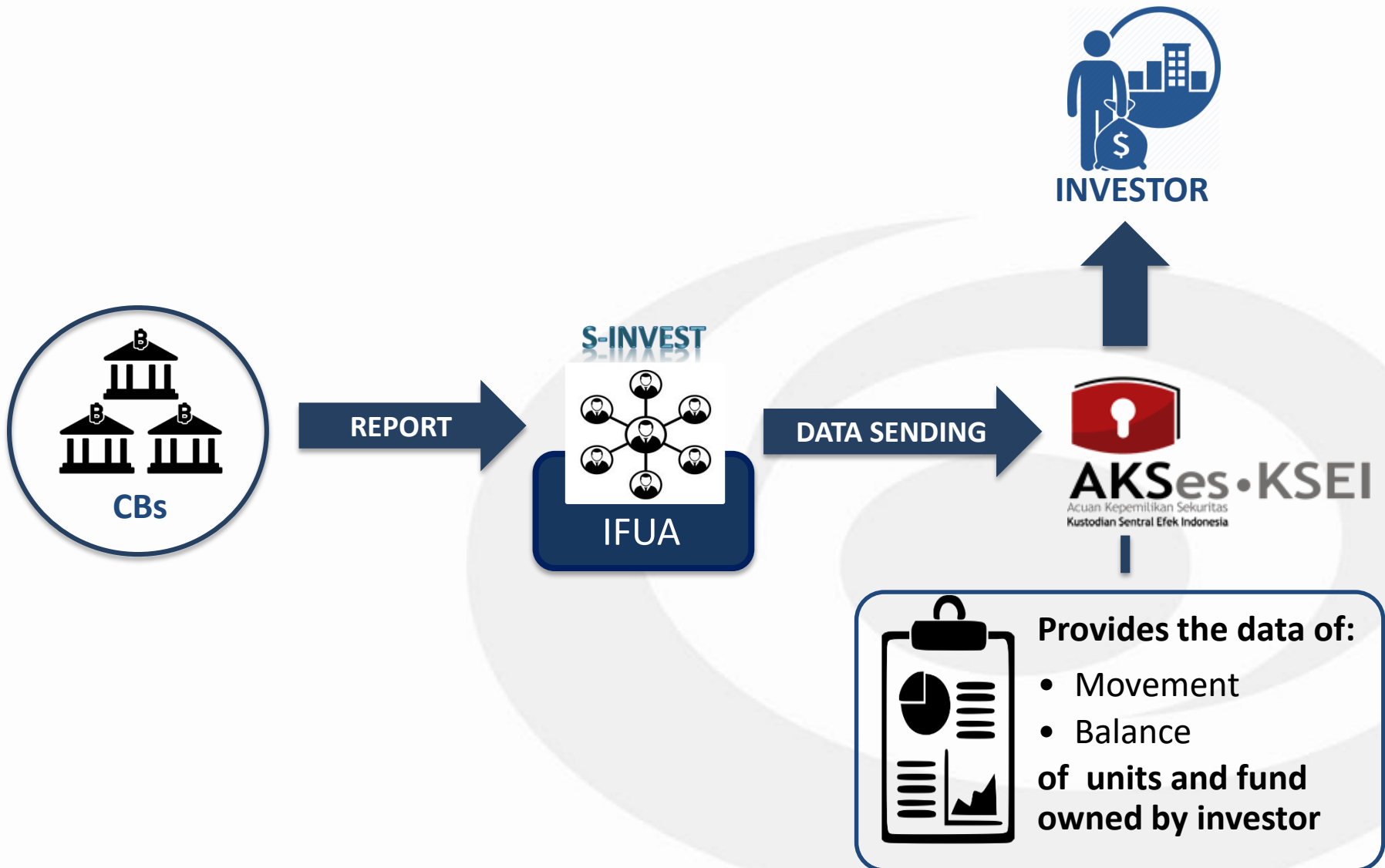
Structure of Investor Fund Unit Accounts (IFUA)



Investor may open IFUA under more than one Selling Agents, but will only have one *Single Investor Identification* (SID). Selling Agent can only see the investor ownership under their own management.

Investor Fund Unit Accounts

Regulation of KSEI No I-F Regarding AKSes



Collective Custody in Indonesia

Securities Pledging

Collective Custody in Indonesia

Collective Custody in Indonesia

Law Number 8 of 1995 on Capital Market



Securities in Collective Custody at **KSEI** shall be recorded in the Issuer's registry of Security-holders **in the name of KSEI** as the representative of its Account-holders (**CB/SC**).

Securities in Collective Custody at **CB/SC** and deposited to a Securities account at KSEI, shall be registered in such account **in the name of the CB/SC** as the representative of its account holders (**Investors**).

Ownership in KSEI Collective Custody

FSA Regulation No. VI.A.3 regarding Securities Account at Custodian



Registered
Ownership



Registered on
Issuer's registry of
Securities holder



Listed in List of
Securities-holders
provided by KSEI



INVESTOR



Beneficial
Ownership*



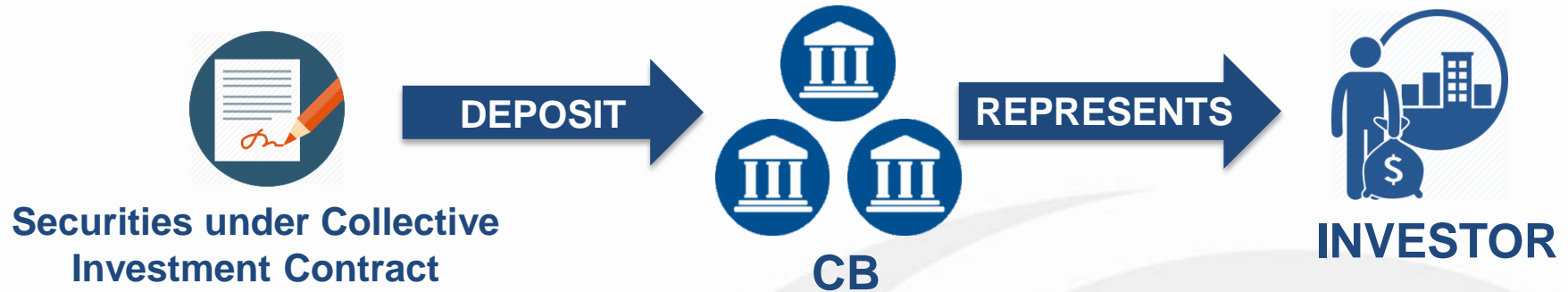
INVESTOR

owner of Securities account at CB/SC/KSEI that has the
rights to the benefits related to the Securities that are
recorded in Collective Custody*

*) For KSEI this definition is limited to the extent that the B.O is the client of the SSA holder

Collective Custody in Custodian Bank

Law Number 8 of 1995 on Capital Market



Securities that are **part of a Securities Portofolio under a collective investment contract** and are not deposited in **collective Custody at KSEI**, shall be recorded in the issuer's registry of Securities-holder **in the name of Custodian Banks** as the representative of the owner of Participation Units of the collective investment contract.

Collective Custody in Custodian Bank (2)

FSA Regulation regarding Integrated Investment Management System



DEPOSIT

**Securities under Collective
Investment Contract**



CB

REPRESENTS



INVESTOR

**R
E
P
O
R
T**

S-INVEST



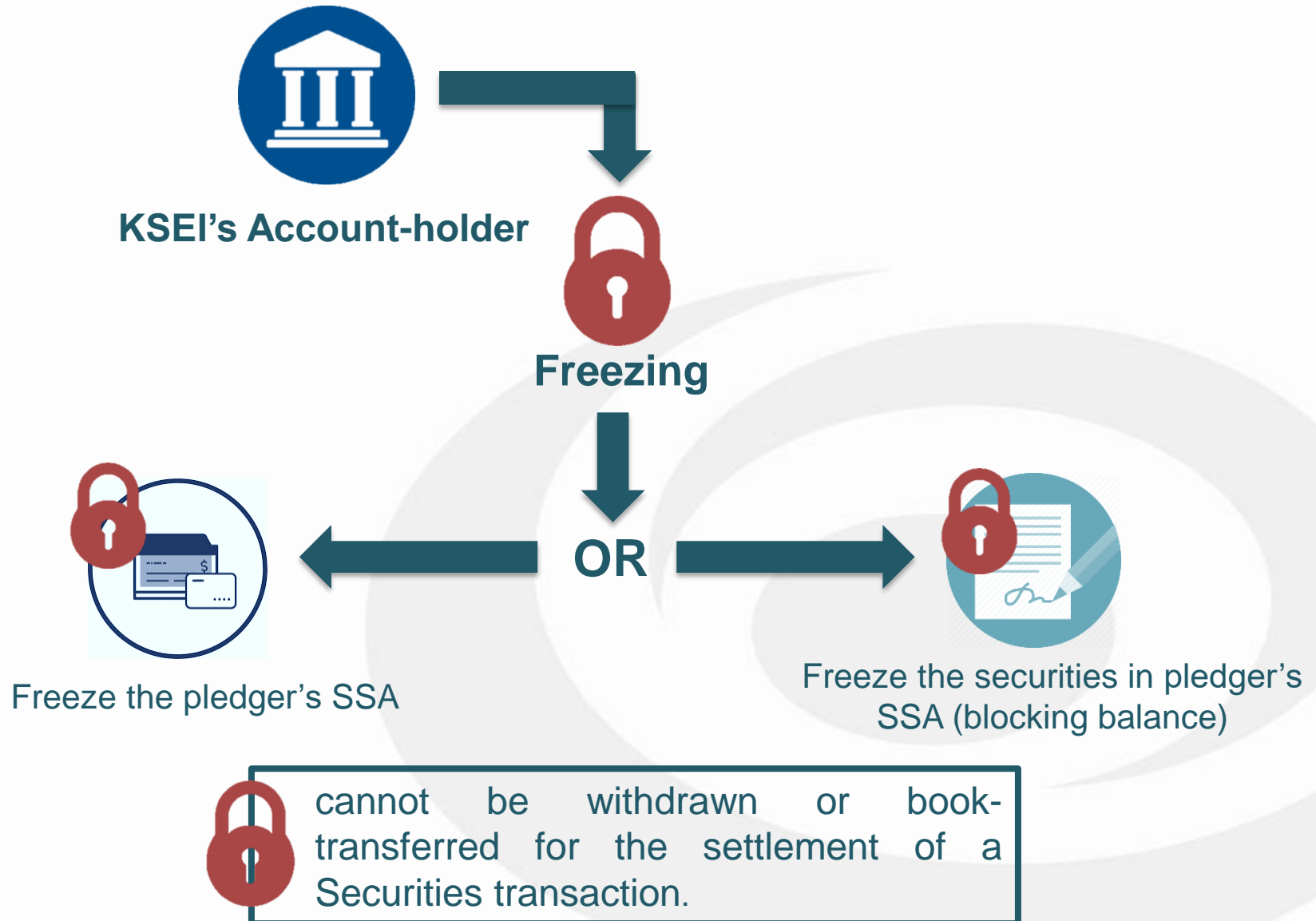
KSEI

At the end of every Business Day, the Custodian Bank will be obliged to convey the entire data on the Participation Unit ownership of every Investor Fund Unit Account (IFUA) to S-INVEST.

SECURITIES PLEDGING IN KSEI

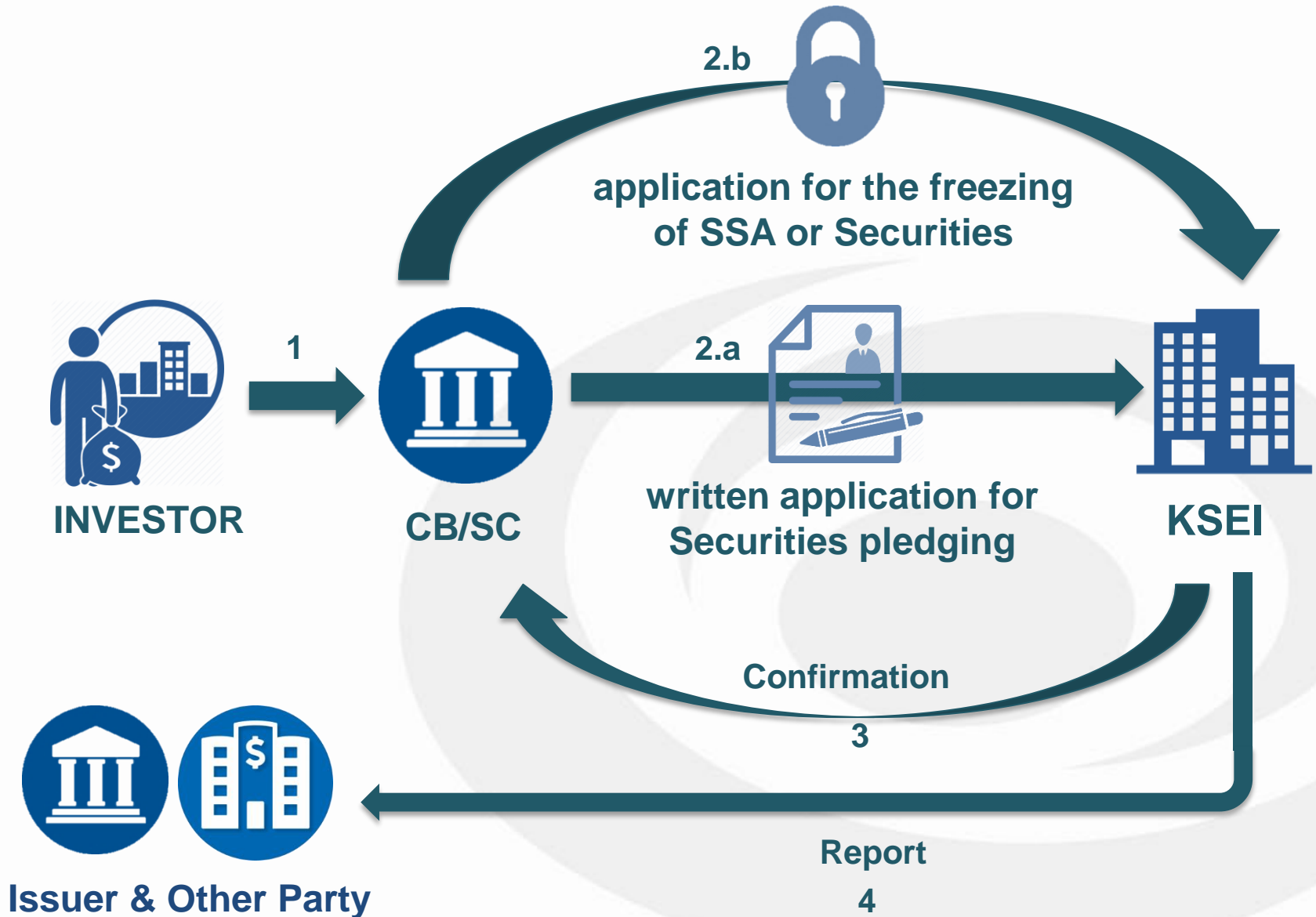
Freezing of SSA/Securities

Regulation of KSEI regarding Central Custodian Services



Application for Securities Pledging

Regulation of KSEI regarding Central Custodian Services



Rights in Frozen Securities

Regulation of KSEI regarding Central Custodian Services



All rights attached to the pledged Securities are also frozen and shall remain in the possession of the pledger.

List of Regulations



Capital Market Law

- Law Number 8 of 1995 on Capital Market



KSEI Regulations

- I-B regarding Main Securities Account
- I-C regarding Securities Sub Account
- I-F regarding AKSes
- X-A regarding The Registration of S-INVEST
- X-B regarding the Procedure of Utilizing S-INVEST
- Regarding Central Custodian Services



FSA Regulations

- FSA Regulation Number 74/POJK.04/2017 regarding Securities Sub Account on Central Securities Depository
- FSA Regulation Number 28/POJK.04/2016 regarding Integrated Investment Management System
- FSA Regulation Number VI.A.3 regarding Securities Account at Custodian
- FSA Regulation Number V.D.3 regarding Internal Control of Securities Company Conducting Business as A Broker-Dealer

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