

REGULATION OF THE FINANCIAL SERVICES AUTHORITY
OF THE REPUBLIC OF INDONESIA
NUMBER 6 OF 2024
CONCERNING
THE FINANCING OF SECURITIES TRANSACTIONS BY
SECURITIES COMPANIES FOR CUSTOMERS
AND SHORT-SELLING TRANSACTIONS
BY SECURITIES COMPANIES
BY THE BLESSING OF ALMIGHTY GOD

BOARD OF COMMISSIONERS OF OTORITAS JASA KEUANGAN,

- Considering:
- a. that to increase liquidity and deepen the financial markets through the financing of margin transactions and/or short selling transactions, as well as to strengthen risk management, it is necessary to renew the provisions related to the financing of margin transactions and/or short selling transactions so that they meet the needs of capital market participants and are in line with international practices;
 - b. that the financing of margin transactions and/or short selling transactions which has been regulated in the Otoritas Jasa Keuangan Regulation Number 55/POJK.04/2020 concerning The Financing of Securities Transactions by Securities Companies for Customers and Short Selling Transactions by Securities Companies has not been able to accommodate the needs as referred to in letter a, and as such needs to be replaced;
 - c. that based on the considerations as referred in letter a and letter b, it is deemed necessary to stipulate an Otoritas Jasa Keuangan Regulation concerning The Financing of Securities Transactions by Securities Companies for Customers and Short Selling Transactions by Securities Companies;
- Observing:
1. Act Number 8 of 1995 concerning Capital Market (State Gazette of

the Republic of Indonesia Number 64 of 1995, Supplement to the State Gazette of the Republic of Indonesia Number 3608) as amended by Act Number 4 of 2023 concerning Development and Strengthening of the Financial Sector (State Gazette of the Republic of Indonesia Number 4 of 2023, Supplement to the State Gazette of the Republic of Indonesia Number 6845);

2. Act Number 21 of 2011 concerning Otoritas Jasa Keuangan (Financial Services Authority) (State Gazette of the Republic of Indonesia Number 111 of 2011, Supplement to the State Gazette of the Republic of Indonesia Number 5253) as amended by Act Number 4 of 2023 concerning Development and Strengthening of the Financial Sector (State Gazette of the Republic of Indonesia Number 4 of 2023, Supplement to the State Gazette of the Republic of Indonesia Number 6845);

HAS DECIDED:

To issue: OTORITAS JASA KEUANGAN REGULATION CONCERNING THE FINANCING OF SECURITIES TRANSACTIONS BY SECURITIES COMPANIES FOR CUSTOMERS AND SHORT SELLING TRANSACTIONS BY SECURITIES COMPANIES

CHAPTER I GENERAL PROVISIONS

Article 1

In this Otoritas Jasa Keuangan Regulation:

1. A Securities Company is a party that carries out activities as a securities underwriter and/or securities broker-dealer or investment manager.
2. Securities are marketable securities or investment contracts in conventional and digital forms or other forms in accordance with technological developments which give the owner the right to directly or indirectly obtain economic benefits from the issuer or from

certain parties based on the agreement and any derivatives of the Securities, which can be transferred and/or traded on the capital market.

3. A party is a natural person, legal entity, company, joint venture, association or organized group.
4. A Clearing and Guarantee Institution is a Party that organize clearing and/or guarantees for the settlement of Securities transactions carried out through market operators in the capital market as well as other services that can be applied to support inter-market activities.
5. A Margin Transaction is a buy transaction of Securities for a client's interest financed by a Securities Company.
6. A Short Selling Transaction is a sale transaction of securities in question are not owned by the seller at the time the transaction is carried out.
7. A Financing Collateral is an amount of funds and/or Securities belonging to a customer which is held by a Securities Company as a guarantee for the settlement of Margin Transactions or Short Selling Transactions.
8. A Securities Account for Margin Transaction Financing is a customer's Securities account used specifically for Margin Transaction activities.
9. A Securities Account for Short Selling Transaction Financing is a customer's Securities account used specifically for Short Selling Transaction activities.
10. Initial Collateral is the amount of funds and/or Securities that a customer must deposit to a Securities Company as Financing Collateral when opening a Securities Account for Margin Transaction Financing or Short Selling Transaction Financing.
11. A Request for Fulfillment of Financing Collateral is a request by a Securities Company to its customer to deposit some funds and/or Securities in order to meet the maximum limit of financing amount provided by the Securities Company to its customer or the minimum limit of Financing Collateral that must be fulfilled by the customer.
12. A Financing Agreement is an agreement between a Securities Company and its customer that contains rights and obligations regarding the financing of the settlement of the customer's Securities transactions by the Securities Company, either fund financing or Securities financing.
13. A Long Position is the balance of Securities in a specific account in the Securities Ledger that indicates the amount of Securities owned by the Securities Company or the amount of Securities that must be delivered by the Securities Company to its customer.

14. A Short Position is the balance of Securities in a specific account in the Securities Ledger that indicates the amount of Securities sold by the Securities Company for its own and/or its customer's interest, which at the time of transaction, is not owned by the Securities Company and/or has not been delivered by the customer to the Securities Company.
15. A Debit Balance is a balance in a Securities Account for Margin Transaction Financing or a Securities Account for Short Selling Transaction Financing that indicates the amount of money that must be paid by the customer to the Securities Company.
16. Stock Exchange is a market organizer in the capital market for stock exchange transactions.
17. Members of the Stock Exchange are:
 - a. securities broker-dealer that has obtained a business license from Otoritas Jasa Keuangan; and
 - b. other parties that have obtained approvals from Otoritas Jasa Keuangan, that have the right to use the Stock Exchange system and/or facilities in accordance with the Stock Exchange regulations.
18. A Securities Funding Institution is a Party that carries out Securities transaction funding business activities.
19. Net Adjusted Working Capital is a Securities Company's total current assets minus all of the Securities Company's liabilities and ranking liabilities, plus subordinated debts, and other adjustments made.
20. An Exchange Day is a day when Securities trading takes place at the Stock Exchange namely Monday to Friday, except when that day is a national holiday or declared as an Exchange holiday by the Stock Exchange.
21. Haircut is a factor that reduces the fair market value of the Securities in accordance with the risk by a certain percentage of the fair market value of the Securities.

CHAPTER II

FINANCING OF THE SETTLEMENT OF SECURITIES TRANSACTIONS BY SECURITIES COMPANIES

Section One General Provisions

Article 2

- (1) Fund and/or Securities financing for the settlement of Securities transactions by any Securities Company is prohibited from being provided other than for Margin Transactions and/or Short Selling Transactions.
- (2) In providing Margin Transaction financing, any Securities Company is prohibited from transferring customer receivables from the regular Securities accounts to the Securities Account for Margin Transaction Financing.

Section Two

Requirements for the Financing of Margin Transactions and Short Selling Transactions

Article 3

Securities Company that carries out Margin Transaction Financing and/or Short Selling Transaction Financing must first meet the following provisions:

- a. Has obtained a business license from Otoritas Jasa Keuangan to carry out activities as a Securities broker-dealer that administers customer Securities accounts;
- b. has an Net Adjusted Working Capital based on the requirements as a Stock Exchange Member providing financing for Margin Transactions as stipulated in the Stock Exchange regulations; and
- c. has an approval from the Stock Exchange to carry out Margin Transactions and/or Short Selling Transactions.

Article 4

- (1) Any Securities Company that provides fund financing through Margin Transactions is required to have sufficient financing sources to finance the settlement of Securities purchase transactions.
- (2) For fund financing through Margin Transactions as referred to in paragraph (1), the Securities Company can use the following source types:
 - a. equity; and/or
 - b. funding from other parties;
- (3) Any Securities Company is prohibited from using any customer funds as a source of financing for the settlement of Securities purchase transactions for other customers.

Article 5

In providing Margin Transaction financing and/or Short Selling Transaction financing, any Securities Company is required to determine the Haircut level on Securities that can be used as Financing Collateral other than the Securities transacted with financing.

Article 6

In the case of any Securities Company that provides Securities financing through Short Selling Transactions, the Securities Company is required to have an agreements with the Clearing and Guarantee Institution, Securities Funding Institution, other Securities Companies, custodian banks, and/or other parties approved by Otoritas Jasa Keuangan in order to borrow the Securities required for the settlement of Short Selling Transactions.

Article 7

Any Securities Company may take over customer Margin Transaction settlement obligations from another Securities Company, by complying with the takeover procedures stipulated in the Stock Exchange regulations.

Article 8

In the case of any Stock Exchange Member that has its approval revoked as a Stock Exchange Member that can provide financing for Margin Transactions and/or Short Selling Transactions by the Stock Exchange, the Stock Exchange Member is obliged to settle ongoing Margin Transactions and/or Short Selling Transactions by fulfilling the stipulated provisions in the Stock Exchange regulations.

CHAPTER III

OBLIGATIONS OF THE STOCK EXCHANGE RELATED TO SECURITIES COMPANIES THAT PROVIDE FINANCING FOR THE SETTLEMENTS OF SECURITIES TRANSACTIONS

Article 9

In granting an approval as referred to in Article 3 letter c, the Stock Exchange is obliged to cexamine the fulfillment of requirements by any Securities Company which include at least:

- a. adequacy of Net Adjusted Net Working Capital;
- b. adequacy of financing sources;
- c. existence of agreements as referred to in Article 6 in the case of any Securities Company that provides Securities financing through Short Selling Transactions;

- d. existence of adequate written risk management guidelines and procedures regarding Margin Transactions and/or Short Selling Transactions, which at least contain:
 - 1. Securities that can be financed and used as collateral;
 - 2. Collateral value that must be maintained for each financing extended;
 - 3. A Request for Fulfillment of Financing Collateral to any customer in the event that the value of the collateral decreases; and
 - 4. Mechanism to settle the execution of customer collateral by selling and/or buying of Securities or by taking other actions in the event that the customer that receives financing does not fulfill its obligation with regard the Request for Fulfillment of Collateral from the Securities Company;
- e. existence of an adequate system for carrying out Margin Transaction and/or Short Selling Transaction financing activities; and
- f. existence of Margin Transaction and/or Short Selling Transaction Financing Agreements.

Article 10

- (1) The Stock Exchange is obliged to carry out inspections of the requirements as referred to in Article 9 periodically based on the risk assessments of Securities Companies that have obtained approvals and are providing financing for Margin Transactions and/or Short Selling Transactions.
- (2) The Stock Exchange is obliged to organize periodic inspection periods based on the risk assessments of Securities Companies that are providing financing for Margin Transactions and/or Short Selling Transactions.

CHAPTER IV

REQUIREMENTS ON CUSTOMERS THAT CAN RECEIVE FINANCING FOR THE SETTLEMENT OF SECURITIES TRANSACTIONS

Article 11

In providing financing for the settlement of Margin Transactions or Short Selling Transactions to customers, any Securities Company is obliged to consider the requirements that must be fulfilled by any customer, which shall at least include:

- a. having a history of smooth transactions as evidenced by:
 - 1. having an active regular Securities account; and

2. the quality of securities transaction financing on behalf of the customer concerned in Otoritas Jasa Keuangan's financial information service system is categorized as being current, if financing has already occurred;
- b. has opened a Securities Account for Margin Transaction Financing for any customer that will carry out Margin Transactions or a Securities Account for Short Selling Transaction Financing for any customer that will carry out Short Selling Transactions at the Securities Company based on a Financing Agreement; and
- c. having deposited Initial Collateral for each Securities Account for Margin Transaction Financing and each Securities Account for Short Selling Transaction Financing.

CHAPTER V
PRINCIPLES IN THE CUSTOMER SECURITIES TRANSACTION FINANCING
AGREEMENT

Article 12

The Financing Agreements for Margin Transactions and/or Short Selling Transactions as referred to in Article 9 letter f is required to contain at least the following clauses:

- a. the level of customer investment risk;
- b. policy for assessing the Financing Collateral in the form of Securities, which includes the types of Securities that can be accepted as Financing Collateral, determination of their fair market values, and determination of Haircuts;
- c. the customer's obligation to fulfill the Securities Company's request at any time in connection with the concerned customer's Securities transaction financing activities;
- d. the Securities Company's obligation to notify the customer of the Request for Fulfillment of Collateral;
- e. the Securities Company's right, in the event that the customer does not fulfill the Request for Fulfillment of Collateral, at any time without giving any reason or notification or obtaining a prior approval to sell or buy Securities or any other action that has been agreed with the customer in order to fulfill:
 1. the requirements on Financing Collateral value specified in the Financing Agreement; and
 2. the customer's obligations in Securities transaction settlements;
- f. the Securities Company's customers cannot choose which Securities to be liquidated or sold to fulfill their obligations;

- g. any customer's maximum limit on securities that serve as financing collateral that can be sold or bought by the Securities Company in the context of the Requests for Fulfillment of Collateral, settlement of Margin Transactions, and/or Short Selling Transactions;
- h. factors that shall enable the Securities Company to close a Securities Account for Margin Transaction Financing or a Securities Account for Short Selling Transaction Financing at any time;
- i. provisions regarding financing, which include calculation of the financing interest rate, and calculation method of financing interest;
- j. provisions regarding Securities lending-borrowing agreements between customers and the Securities Company in customer Short Selling Transactions;
- k. the financing period for Margin Transactions and/or Short Selling Transactions is a maximum of 12 (twelve) months and can be re-extended based on the results of the Securities Company's evaluation;
- l. in the event that any Securities Company uses funding from a Securities Funding Institution to provide Margin Transaction financing for a certain customer, the Securities Company is obliged to:
 - 1. transfer the customer's collateral securities from the customer's sub-account under the administration of the Securities Company to the customer's sub-account in the administration of the Securities Funding Institution; and
 - 2. require the granting of power of attorney from the customer to the Securities Company regarding the use of the customer's collateral Securities by the Securities Funding Institution;
- m. takeover of the obligation to settlement the customer's Margin Transaction from another Securities Company;
- n. dispute resolution; and
- o. force majeure.

CHAPTER VI

REQUIREMENTS ON SECURITIES THAT MAY BE TRANSACTED IN CUSTOMER SECURITIES TRANSACTION FINANCING

Article 13

Any Securities Company is prohibited from carrying out Margin Transactions and/or Short Selling Transactions on Securities that are not listed on the Stock Exchange.

Article 14

- (1) Requirements regarding Securities that can be:
 - a. transacted through Securities transaction settlement financing; and
 - b. used as Financing Collateral,shall be determined by the Stock Exchange in the Stock Exchange regulations.
- (2) In determining the requirements concerning Securities as referred in paragraph (1), in the case of equity Securities, the Stock Exchange is obliged to consider at least:
 - a. the minimum average daily transaction value within a certain period;
 - b. the minimum number of Parties that own the Securities within a certain period;
 - c. the fundamental factors of the Securities; and
 - d. special criteria for Securities that can be carried out in Short Selling Transactions, including the percentage limit on the maximum number of Securities from the total number of Securities in circulation that can be transacted.
- (3) The Stock Exchange is obliged to further regulate the amounts of Haircuts for Securities that can be used as Financing Collateral as referred to in paragraph (1).

Article 15

- (1) The Stock Exchange is obliged to announce to the public and report to Otoritas Jasa Keuangan regarding Securities that meet or do not meet the requirements as referred to in Article 14 paragraph (1) no later than 2 (two) Exchange Days before the last Exchange Day of each month.
- (2) In the event that there is material information, the Stock Exchange is obliged to review the fulfillment of the requirements for Securities that meet the requirements as referred to in Article 14 paragraph (1).
- (3) The Stock Exchange is obliged to announce to the public and report to Otoritas Jasa Keuangan the results of the review as referred to in paragraph (2) on the same day.
- (4) The Stock Exchange is obliged to provide data on Margin Transactions and/or Short Selling Transactions to the public.

Article 16

Any Securities Company is obliged to carry out follow-up actions in the event that Securities no longer meet the requirements set by the Stock Exchange as Securities that can be transacted

through the financing of Securities transaction settlements and/or used as Financing Collateral with the following conditions:

- a. In the event that the Securities are removed from the list of margin Securities, which causes the customer's margin transaction financing ratio reaching the ratio of the Request for Fulfillment of Collateral and/or the ratio of the obligation to immediately sell Securities, the Securities Company is obliged to:
 1. make a Request for Fulfillment of Collateral to the customer and/or sell the Securities in accordance with this Otoritas Jasa Keuangan Regulation; or
 2. Settle the ongoing excess financing above the ratio of the Request for Fulfillment of Customer Transaction Collateral on going margin securities at the latest 5 (five) Exchange Days since the Securities are removed;
- b. in the event that the Securities are removed from the list of short selling Securities, the Securities Company is obliged to settle the ongoing financing for the Securities no later than 5 (five) Exchange Days since the Securities are removed or no longer fulfill the requirements under the Financing Agreement; and
- c. In the event that the Securities are removed from the list of collateral securities, which causes the customer's Short Selling transaction financing ratio reaching the ratio of the Request for Fulfillment of Collateral and/or the ratio of the obligation to immediately buy Securities, the Securities Company is obliged to:
 1. make a Request for Fulfillment of Collateral to the customer and/or buy the Securities in accordance with this Otoritas Jasa Keuangan Regulation; or
 2. settle the ongoing excess financing above the ratio of the Request for Fulfillment of Customer Transaction Collateral on going Short Selling transaction securities at the latest 5 (five) Exchange Days since the Securities are removed;

Article 17

- (1) In the event that the Financing Collateral funds or Securities are blocked and/or confiscated by the law enforcement, the Securities Company is obliged to take out the blocked and/or confiscated Financing Collateral funds or Securities from the financing calculation as long as the confiscated funds or Securities are not yet unblocked or return.
- (2) In the event that the trading of the Financing Collateral Securities is temporarily suspended by the Stock Exchange for 3 (three) consecutive Exchange Days based on an instruction from Otoritas Jasa Keuangan or the supervisor of the Stock Exchange, the Securities Company is obliged to apply a 100% (one hundred percent) haircut on the

- Financing Collateral Securities on the 4th (fourth) Exchange Day since the first temporary suspension of trading, as long as the temporary suspension of trading has not been lifted.
- (3) In the event that the Financing Collateral Securities are delisted from the Stock Exchange, the Securities Company is obliged to apply a 100% (one hundred percent) Haircut to the Financing Collateral Securities on the Exchange Day after the delisting is carried out.
- (4) If the Financing Collateral Securities as referred to in paragraph (1), paragraph (2), and paragraph (3) cause the customer's financing ratio to reach the ratio of the Request for Fulfillment of Collateral, the Securities Company is obliged to:
- a. issue the Request for Fulfillment of Collateral to the customer and/or sell the Securities in accordance with this Otoritas Jasa Keuangan Regulation; or
 - b. settle the ongoing excess financing above the ratio of the Request for Fulfillment of Customer Transaction Collateral on Margin Transaction Securities and/or Short Selling Transaction Securities no later than 5 (five) Exchange Days since the Securities are removed.

CHAPTER VII

MECHANISM OF CUSTOMER SECURITIES TRANSACTION FINANCING

Section One

General Provisions

Article 18

Before carrying out the financing or accepting a transfer of financing for the settlements of Margin Transactions and/or Short Selling Transactions, any Securities Company is required to ensure:

- a. the customer has met the requirements as referred to in Article 11; and
- b. the Securities Company has met the requirements as referred to in Article 4 and Article 6.

Article 19

The Financing Collateral Value for a customer's obligation in the Securities Account for Margin Transaction Financing or the Securities Account for Short Selling Transaction Financing includes:

- a. the amount of funds placed by the customer in the Securities Company as collateral in the Securities Account for Margin Transaction Financing or the Securities Account for Short Selling Transaction Financing; and
- b. the fair market value of Securities in a Long Position as collateral in the Securities Account for Margin Transaction Financing or the Securities Account for Short Selling Transaction Financing in the Securities ledger after taking into account the Haircut.

Article 20

Any Securities Company is required to record Margin Transactions and Short Selling Transactions in accordance with financial accounting standards.

Article 21

Any Securities Company is prohibited from providing financing for Margin Transactions and/or Short Selling Transactions to the Securities Company's customers who are commissioners, directors, major shareholders, controlling shareholders or employees of the Securities Company in question, along with their affiliates.

Article 22

- (1) Securities Company is required to comply with the provisions on the maximum limit for providing financing for Margin Transactions and/or Short Selling Transactions to 1 (one) customer or several customers who have mutually affiliated relationships at a maximum of 10% (ten percent) of the Net Adjusted Working Capital value position at 2 (two) Exchange Days before providing financing for Margin Transactions and/or Short Selling Transactions.
- (2) In the event that the provision of financing for Margin Transactions and/or Short Selling Transactions to any customer reaches the maximum limit as referred to in paragraph (1), the Securities Company is not allowed to provide new financing for Margin Transactions and/or Short Selling Transactions to the customer.

Section Two

Margin Transactions

Article 23

Before approving the financing of any Margin Transaction settlement, the Securities Company is obliged to ensure that a certain amount of funds and/or Securities are available in the Securities Account for Margin Transaction Financing as Initial Collateral.

Article 24

- (1) Securities Company is required to record the value of fund financing for Margin Transactions in the amount of the receivables for the Margin Transactions provided by the Securities Company to the Securities Company's customers.
- (2) Securities Company is required to record the value of fund financing for Margin Transactions as a Debit Balance in the Securities Accounts for Margin Transaction Financing.

Article 25

- (1) The Initial Collateral Value at the time of the first transaction reported to the Stock Exchange using the Securities Account for Margin Transaction Financing shall be at least:
 - a. 50% (fifty percent) of the Securities purchased value; or
 - b. IDR 50,000,000.00 (fifty million rupiah),
whichever is higher.
- (2) The assessment of the Initial Collateral in the form of Securities must take into account the Haircut.

Article 26

- (1) The value of fund financing for Margin Transactions that can be provided by any Securities Company to customers is a maximum of 65% (sixty five percent) of the value of the Financing Collateral.
- (2) The assessment of the Financing Collateral in the form of Securities required to take into account the Haircut.

Article 27

- (1) If the value of the Financing Collateral decreases so that the total financing value as referred to in Article 26 exceeds 65% (sixty five percent) of the value of the Financing Collateral, the Securities Company is required to make a Request for Fulfillment of Collateral to the Securities Company's customer.

- (2) The customer as referred to in paragraph (1) is required to fulfill the Request for Fulfillment of Collateral, so that the financing value does not exceed 65% (sixty five percent) of the Financing Collateral value as referred to in Article 26.

Article 28

If within a period of no later than 3 (three) Exchange Days, the customer does not fulfill the Request for Fulfillment of Collateral as referred to in Article 27, then, on the 4th (fourth) Exchange Day, the Securities Company is required to immediately sell the Securities in the Financing Collateral as evidenced by making a sale offer so that the financing value does not exceed 65% (sixty five percent) of the Financing Collateral value.

Article 29

If the financing value has reached 80% (eighty percent) of the Financing Collateral value, the Securities Company, either with or without notification to the Securities Company's customer, is obliged to immediately sell the Securities in the Financing Collateral as evidenced by making a sale offer so that the financing value does not exceed 65% (sixty five percent) of the Financing Collateral value.

Article 30

Any Securities Company may determine the financing mechanism and maximum financing ratio for carrying out the Request for Fulfillment of Collateral to any customer and/or for selling the customer's Securities more stringently than the financing mechanism and maximum financing ratio as referred to in Article 19, Article 22, Article 25, Article 26, Article 27 and Article 29.

Article 31

Any Securities Company is required to provide a written confirmation to the Securities Company's customer regarding the sale transactions as referred to in Article 28 and Article 29, which is differentiated from the written confirmation of transactions based on any customer's order on the same day as the sale of the customer's Securities by the Securities Company as referred to in Article 28 and Article 29.

Section Three

Short Selling Transactions

Article 32

Before approving the financing of any Short Selling Transaction settlement for any customer, the Securities Company is obliged to:

- a. ensure that a certain amount of funds and/or Securities are available in the Securities Account for Short Selling Transaction Financing as Initial Collateral.
- b. consider the availability of Securities at the time of the Short Selling Transaction settlement, which covers at least:
 1. ownership of other Securities that can be converted or exchanged into Securities to be used for Short Selling Transaction settlement; or
 2. the right to options or warrants has been exercised to acquire the Securities to be used for Short Selling Transaction settlement;
- c. ensure that the customer has signed a Securities lending-borrowing agreement with the Securities Company; and
- d. ensure that the customer understands its rights and obligations regarding the Short Selling Transactions.

Article 33

The Securities financing value of any Short Selling Transaction shall be the fair market value of the Securities transacted through Short Selling Transaction by the customer financed by the Securities Company and recorded in a Short Position balance in the Securities Account for Short Selling Transaction Financing in the Securities ledger.

Article 34

- (1) The Initial Collateral Value at the time of the first transaction reported to the Stock Exchange using the Securities Account for Short Selling Transaction Financing shall be at least:
 - a. 50% (fifty percent) of the Short Selling Transaction value; or
 - b. IDR 50,000,000.00 (fifty million rupiah),
whichever is higher.
- (2) The valuation of the Initial Collateral in the form of Securities is required to take into account the Haircut.

Article 35

- (1) The Financing Collateral value shall be at least 150% (one hundred and fifty percent) of the Short Selling Transaction value at the time the first Short Selling Transaction occurs with the provision that the Financing Collateral consists of at least the Initial Collateral and funds received from the sale of Securities through the Short Selling Transaction.
- (2) The valuation of the Financing Collateral in the form of Securities is required to take into account the Haircut.

Article 36

The value of the Financing Collateral for Short Selling Transactions that any customer is required to maintain is at least 135% (one hundred thirty five percent) of the fair market value of the Securities in the Short Position.

Article 37

- (1) If the value of the Financing Collateral decreases and/or the fair market value of the Securities in the Short Position increases so that the value of the Financing Collateral as referred to in Article 36 is less than 135% (one hundred thirty five percent) of the fair market value of the Securities in the Short Position, the Securities Company is required to issue a Request for Fulfillment of Collateral to the Securities Company's customer.
- (2) The customer as referred to in paragraph (1) is required to fulfill the Request for Fulfillment of Collateral, so that the value of the Financing Collateral is not less than 135% (one hundred thirty-five percent) of the fair market value of Securities in the Short Position as referred to in Article 36.

Article 38

If within a period of no later than 3 (three) Exchange Days, the customer does not fulfill the Request for Fulfillment of Collateral as referred to in Article 37, then, on the 4th (fourth) Exchange Day, the Securities Company is required to immediately buy the Securities sold through the Short Selling Transaction as evidenced by making a buy offer so that the Financing Collateral value is not less than 135% (one hundred thirty five percent) of the fair market value of Securities in the Short Position.

Article 39

If the value of the Financing Collateral is less than 120% (one hundred and twenty percent) of the fair market value of the Securities in the Short Position, the Securities Company is required

to immediately buy the Securities in the Short Position as evidenced by making a buy offer so that the value of the Financing Collateral is not less than 135% (one hundred and three twenty-five percent) of the fair market value of the Securities in the Short Position.

Article 40

- (1) Any Securities Company is required to provide a written confirmation to the Securities Company's customer regarding any purchase transaction as referred to in Article 38 and Article 39.
- (2) The written confirmation as referred to in paragraph (1) has to be differentiated from the written confirmation of transactions based on customer order on the same day as the purchase of the customer's Securities by the Securities Company as referred to in Article 38 and Article 39.

Article 41

Short Selling transactions are limited by the following conditions:

- a. the sale offer price entered in the Stock Exchange trading system must be the same as or above the last price that has occurred on the Stock Exchange; and
- b. The Securities Company is required to give a "short selling" flag at the time of the execution of the sale order on the Stock Exchange trading system.

Section Four

Securities Lending-Borrowing Agreements in the Financing of Customer Short Selling Transactions

Article 42

Any Securities Company may settle the financing of customer Short Selling Transactions by using:

- a. Its own portfolio; or
- b. Securities borrowed from:
 1. Clearing and Guarantee Institutions;
 2. Securities Funding Institutions;
 3. other Securities Companies;
 4. custodian banks; and/or
 5. other parties.

Article 43

The standard Securities lending-borrowing contract has to contain details including:

- a. number and type of Securities;
- b. lending-borrowing validity period;
- c. collateral;
- d. rights related to Securities ownership including voting rights, pre-emptive rights, bonuses, dividends and interest;
- e. tax obligations;
- f. costs related to lending and borrowing;
- g. default;
- h. assessment method for Securities loaned and collateral; and
- i. dispute resolution mechanism.

Article 44

- (1) In carrying out its functions, the Clearing and Guarantee Institution is obliged to draw up a standard Securities lending-borrowing contract which contents shall comply with the provisions as referred to in Article 43.
- (2) The contract as referred to in paragraph (1) has to be approved by Otoritas Jasa Keuangan to be used by all Parties as referred to in Article 42.

Article 45

- (1) In the event that the Party as referred to in Article 42 does not use the standard Securities lending-borrowing contract as referred to in Article 44, the Party is obliged to draw up a Securities lending-borrowing contract which contents are in accordance with this Otoritas Jasa Keuangan Regulation accompanied by legal opinions from 2 (two) legal consultants registered in Otoritas Jasa Keuangan.
- (2) The Securities lending-borrowing contract as referred to in paragraph (1) is required to be submitted to the Otoritas Jasa Keuangan for approval before it takes effect.

CHAPTER VIII

SHORT SELLING TRANSACTIONS BY SECURITIES COMPANIES

Article 46

Any Securities Company that carries out Short Selling Transactions for its own interest is required to comply with the following provisions:

- a. before carrying out any Short Selling Transaction, the Securities Company:
 1. has already opened a separate account for Short Selling Transactions;
 2. has set aside funds and/or Securities in the said account as referred to in number 1 at least in the amount of 50% (fifty percent) of the value of the Short Selling Transaction as assets set aside by the Securities Company to cover the risks of the Short Selling Transaction;
 3. ensures that Securities are available at the time of the Short Selling Transaction settlement, including:
 - a) ownership of other Securities that can be converted or exchanged into Securities to be used for the Short Selling Transaction settlement;
 - b) has exercised the right to options or warrants to acquire Securities to be used for the Short Selling Transaction settlement; and/or
 - c) has entered into a Securities lending-borrowing agreement for Short Selling Transactions with and/or through any of the Party as referred to in Article 42, which uses a contract as referred to in Article 43 to Article 45; and
 4. has an approval from the Stock Exchange to carry out Short Selling Transactions;
- b. At the time the first Short Selling Transaction occurs, the value of the assets set aside as referred to in letter a number 2 plus the funds received from the sale of Securities through the Short Selling Transaction shall be at least 150% (one hundred and fifty percent) of the Short Selling Transaction value;
- c. the value of the assets set aside plus funds received from the sale of Securities through Short Selling Transactions as referred to in letter b shall be maintained by the Securities Company at a minimum of 135% (one hundred thirty-five percent) of the fair market value of the Securities in the Short Position;
- d. if the value of the assets set aside plus funds received from the sale of Securities through the Short Selling Transaction as referred to in letter b decreases and/or the fair market value of Securities in the Short Position increases so that the value of the assets set aside plus funds received from the sale of Securities through the Short Transaction Selling is less than:
 1. 135% (one hundred thirty-five percent) of the fair market value of Securities in the Short Position, the Securities Company must add to the assets set aside and/or buy

- the Securities transacted by short selling no later than 3 (three) Exchange Days, so that the value of the assets set aside plus funds received from the sale of Securities through the Short Selling Transaction is not less than 135% (one hundred thirty five percent) of the fair market value of the Securities in the Short Position as referred to in letter c; and
2. 120% (one hundred and twenty percent) of the fair market value of Securities in the Short Position, the Securities Company must immediately add to the assets set aside and/or buy the Securities transacted by short selling, so that the value of the assets set aside plus the funds received from the sale of Securities through the Short Selling Transaction is not less than 135% (one hundred thirty five percent) of the fair market value of Securities in the Short Position as referred to in letter c;
- e. The Securities Company's Short Selling Transactions are limited by the following conditions:
1. the sale offer price entered in the Stock Exchange trading system shall be equal to or above the last price that has occurred on the Stock Exchange; and
 2. The Securities Company shall give a "short selling" flag at the time of the execution of the sale order on the Stock Exchange trading system;
- f. The Securities Company is prohibited from carrying out Short Selling Transactions on Securities other than those designated by the Stock Exchange as Securities that can be transacted by short selling; and
- g. If the Securities no longer meet the requirements set by the Stock Exchange as Securities that can be transacted by short selling, the Securities Company's Short Selling Transactions that are already ongoing shall be settled in no later than 5 (five) Exchange Days since the Securities no longer meet the requirements set by the Stock Exchange.

Article 47

- (1) Any Securities Company that carries out Short Selling Transactions on underlying Securities as a liquidity provider is exempt from the obligations referred to in Article 46.
- (2) The Stock Exchange is obliged to regulate the minimum provisions that must be met by the Securities Companies as liquidity providers in carrying out Short Selling Transactions on underlying Securities.

CHAPTER IX ADMINISTRATIVE SANCTIONS

Article 48

- (1) Any Party that violates the provisions as referred to in Article 2, Article 3, Article 4 paragraphs (1) and (3), Article 5, Article 6, Article 8, Article 9, Article 10, Article 11, Article 12, Article 13, Article 14 paragraphs (2) and (3), Article 15, Article 16, Article 17, Article 18, Article 20, Article 21, Article 22 paragraph (1), Article 23, Article 24, Article 25, Article 26, Article 27, Article 28, Article 29, Article 31, Article 32, Article 34, Article 35, Article 36, Article 37, Article 38, Article 39, Article 40, Article 41, Article 43, Article 44, Article 45, Article 46 , and Article 47 paragraph (2), shall be imposed with administrative sanctions.
- (2) The sanctions as referred to in paragraph (1) shall also be imposed on any Party that causes the violations as referred to in paragraph (1).
- (3) The sanctions as referred to in paragraph (1) and paragraph (2) shall be imposed by Otoritas Jasa Keuangan.
- (4) The administrative sanctions as referred to in paragraph (1) shall be in the form of:
 - a. written warning;
 - b. fine, namely the obligation to pay a certain amount of money;
 - c. limitation on business activities;
 - d. suspension of business activities;
 - e. revocation of business license;
 - f. cancellation of approval; and/or
 - g. cancellation of registration.
- (5) The administrative sanctions as referred to in paragraph (4) letter b, letter c, letter d, letter e, letter f, or letter g may be imposed with or without prior imposition of the administrative sanction in the form of written warning as referred to in paragraph (4) letter a.
- (6) The administrative sanction in the form of monetary fine as referred to in paragraph (4) letter b may be imposed separately or jointly with the imposition of the administrative sanctions as referred to in paragraph (4) letter c, letter d, letter e, letter f, or letter g.
- (7) The procedures for imposing sanctions as referred to in paragraph (3) shall be carried out in accordance with the provisions of legislation.

Article 49

In addition to the administrative sanctions as referred to in Article 48 paragraph (4), Otoritas Jasa Keuangan may take certain actions against any Party that violates the provisions of this Otoritas Jasa Keuangan Regulation.

Article 50

Otoritas Jasa Keuangan may announce the imposition of administrative sanctions as referred to in Article 48 paragraph (4) and certain actions as referred to in Article 49 to the public.

CHAPTER X TRANSITIONAL PROVISIONS

Article 51

All ongoing Agreements for the Financing of Margin Transactions and/or Short Selling Transactions that have been effective before the enactment of this Otoritas Jasa Keuangan Regulation must conform to this Otoritas Jasa Keuangan Regulation no later than 1 (one) year after this Otoritas Jasa Keuangan Regulation comes into force.

CHAPTER XI CLOSING PROVISIONS

Article 52

- (1) At the time this Otoritas Jasa Keuangan Regulation comes into effect, Otoritas Jasa Keuangan Regulation Number 55/POJK.04/2020 concerning The Financing of Securities Transactions by Securities Companies for Customers and Short Selling Transactions by Securities Companies, is revoked and declared invalid.
- (2) The provisions as referred in Article 15 paragraph (4) come into force after 1 (one) year from the date of promulgation.

Article 53

This Otoritas Jasa Keuangan Regulation shall come into effect as of 6 (six) months after the date of promulgation.

For public information, orders this Otoritas Jasa Keuangan Regulation be published in the State Gazette of the Republic of Indonesia.

Issued in Jakarta

On 1 April 2024

CHAIRMAN OF THE BOARD OF
COMMISSIONERS
FINANCIAL SERVICES AUTHORITY
REPUBLIC OF INDONESIA

signed

MAHENDRA SIREGAR

Promulgated in Jakarta

on 3 April 2024

MINISTER OF LAW AND HUMAN RIGHTS
REPUBLIC OF INDONESIA

signed

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 8 OF 2024/OJK

This copy is in accordance with the original

Director of Legal Development

Legal Department

signed

Aat Windradi

EXPLANATION
ON
REGULATION OF OTORITAS JASA KEUANGAN
OF REPUBLIC OF INDONESIA
NUMBER 6 OF 2024
CONCERNING
THE FINANCING OF SECURITIES TRANSACTIONS BY
SECURITIES COMPANIES FOR CUSTOMERS
AND SHORT SELLING TRANSACTIONS
BY SECURITIES COMPANIES

I. GENERAL

Securities transactions by any customer on the Stock Exchange can be carried out in two ways, namely transactions that are carried out using the customer's own funds or what are called as transactions using a regular Securities account, and transactions that are partially financed by Securities Companies or what are commonly referred to as Margin Transaction financing and Short Selling Transaction financing.

Customer transactions on the Stock Exchange financed by Securities Companies are carried out based on the Otoritas Jasa Keuangan Regulations concerning The Financing of Securities Transactions by Securities Companies for Customers and Short Selling Transactions by Securities Companies. This regulation regulates the requirements concerning the Securities, Securities Companies and customers as well as provisions for risk management standards for the financing of Margin Transactions and/or Short Selling Transactions. The aforementioned Otoritas Jasa Keuangan Regulation also mandates the Stock Exchange to regulate more comprehensively and determines in detail concerning the Securities and the requirements for Stock Exchange Members that can provide financing services in Margin Transactions and/or Short Selling Transactions.

Securities transactions on the Stock Exchange using margin financing are activities carried out on almost all Stock Exchanges. Regulations concerning Margin Transactions in various parts of the world are quite diverse, some are regulated by the capital market authorities and the Stock Exchanges, and others are left to the Stock Exchanges. Regardless of the regulator that regulates these transactions, most jurisdictions do not limit equity securities that can be transacted through the financing of Margin Transactions and/or Short Selling Transactions. Regulations on Margin Transactions and/or Short Selling Transactions concern

more on the regulating of the Parties providing financing, especially provisions concerning capital and risk management.

In practice, in the Indonesian capital market, Margin Transaction financing has been sufficiently ongoing, but it is suspected that it is not showing a significant upward trend. Apart from that, from the monitoring of regular transaction activities, there are transaction values that are not settled on time creating outstanding financing by Securities Companies with a total industry value much greater than the total value of Margin Transactions. This indicates that the provisions related to Margin Transactions have not met the needs of transaction participants. Meanwhile, the Securities Companies have carried out very minimal financing for Short Selling Transactions due to the lack of guaranteed availability of Securities, which creates great uncertainty and risk for the Securities Companies.

Against this backdrop, in order to increase liquidity and deepen the financial markets through the financing of Margin Transactions and/or Short Selling Transactions, it is necessary to update the provisions related to the financing of Margin Transactions and/or Short Selling Transactions so that they meet the needs of capital market participants. and are in line with international practices.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory.

Article 2

Self-explanatory.

Article 4

Paragraph (1)

"Sufficient financing sources" mean that the Securities Company has liquidity that can be used to finance customer transactions.

Paragraph (2)

Letter a

Self-explanatory.

Letter b

Funding from Other Parties includes:

1. funding from Securities Funding Institutions;
2. borrowing of funds from financial services institutions;

3. issuance of debt Securities or sukuk; and/or
4. subordinated borrowing from the Securities Company's shareholders

Paragraph (3) Self-explanatory.

Article 5

Self-explanatory.

Article 6

Self-explanatory.

Article 7

Self-explanatory.

Article 8

Self-explanatory.

Article 9

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

An adequate system includes the Securities Company's integrated system from marketing and trading, risk management, to operations.

Letter f

Self-explanatory.

Article 10

Paragraph (1)

"Periodically" means a certain time period determined by the Stock Exchange in accordance with the risk of the Securities Company carrying out financing activities for Margin Transactions and/or Short Selling Transactions.

Paragraph (2)

Self-explanatory.

Article 11

Letter a

"Active regular Securities account" is an account that has a balance of Securities and funds which also has mutation of Securities and funds within a period of 6 (six) consecutive months.

Letter b

Self-explanatory.

Letter c

"Initial Collateral" is the Initial Collateral which has taken into account the Haircut.

Article 12

Letter a

The high level of customer investment risk due to changes in Securities prices which has the potential to result in:

1. Customer financing collateral decreases or exhausted; or
2. Customer financing collateral becomes lower than the customer's obligation to the Securities company.

Letter b

For equity securities that are actively traded on the Stock Exchange, the fair market value uses the last trading price on the Stock Exchange.

For debt securities, the fair market value uses the reference price determined by the securities price rating agency. For debt securities which fair market value is not issued by any securities price rating agency, the fair market value is determined based on the consent of both Parties in the form of an agreement.

Haircut determination refers to the amount of haircut determined by the Stock Exchange regulations and/or the committee at the Clearing and Guarantee Institution.

Letter c

"Securities Company's requests" means requests for fulfillment of collateral for Margin Transactions and/or Short Selling Transactions.

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

Self-explanatory.

Letter l

Self-explanatory.

Letter m

Self-explanatory.

Letter n

Self-explanatory.

Letter o

Self-explanatory.

Article 13

Self-explanatory.

Article 14

Self-explanatory.

Article 15

Self-explanatory.

Article 16

Letter a

The ratio of the obligation to immediately sell securities is known with the terminology of forced sell ratio.

Number 1

Self-explanatory.

Number 2

Settlement of excess financing above the ratio of the Request for Fulfillment of Collateral includes, among other things, transferring excess financing to other receivable accounts.

Letter b

Self-explanatory.

Letter c

The ratio of the obligation to immediately buy securities is known with the terminology of the forced buy ratio.

Article 17

Self-explanatory.

Article 18

Self-explanatory.

Article 19

Self-explanatory.

Article 20

Self-explanatory.

Article 21

“Affiliates” means:

- a. family relationship due to marriage up to the second degree, both horizontally and vertically, namely a person's relationship with:
 1. husband or wife;
 2. parents of husband or wife and husbands or wives of children;
 3. grandparents of husband or wife and husbands or wives of grandchildren;
 4. siblings of husband or wife and husbands or wives of the said siblings; or
 5. husbands or wives of the siblings of the person concerned;
- b. family relationship due to ancestry up to the second degree, both horizontally and vertically, namely a person's relationship with:
 1. parents and children;
 2. grandparents and grandchildren; or
 3. siblings of the person concerned;
- c. the relationship between the party and employees, directors or commissioners of that party;
- d. relationship between 2 (two) or more companies where there are one or more members of the same board of directors, management, board of commissioners or supervisors;
- e. the relationship between the company and the party, whether directly or indirectly, in any way controlling or being controlled by the company or party in determining the management and/or policies of the company or party in question;
- f. relationship between 2 (two) or more companies controlled, either directly or indirectly, in any way, in determining company management and/or policies by the same party; or

- g. The relationship between the company and the main shareholders, namely parties that directly or indirectly own at least 20% (twenty percent) of the shares with voting rights of the company.

Article 22

Self-explanatory.

Article 23

Self-explanatory.

Article 24

Self-explanatory.

Article 25

Self-explanatory.

Article 26

Paragraph (1)

Self-explanatory.

Paragraph (2)

Haircut calculation on Financing Collateral in the form of Securities is valid as long as the financing has not been settled (outstanding).

Article 27

Self-explanatory.

Article 28

"Immediate sale of Securities in Financing Collateral" is done by placing a sale order when trading opens in session 1 (one).

Article 29

"Immediate sale of Securities in Financing Collateral" is done by placing a sale order since the financing value has reached 80% (eighty percent).

Article 30

Self-explanatory.

Article 31

Self-explanatory.

Article 32

The obligations as referred to in this paragraph can be carried out by the risk management function of the Securities Company.

Article 33

Self-explanatory.

Article 34

Self-explanatory.

Article 35

Paragraph (1)

Self-explanatory.

Paragraph (2)

See explanation for Article 26 paragraph (2).

Article 36

Self-explanatory.

Article 37

Self-explanatory.

Article 38

"Immediate buy of Securities in the Short Position" is done by placing a buy order when trading is opened in session 1 (one).

Article 39

"Immediate buy of Securities in the Short Position" is done by placing a buy order since the value of the Financing Collateral is less than 120% (one hundred and twenty percent) of the fair market value of the Securities in the Short Position.

Article 40

Self-explanatory.

Article 41

Self-explanatory.

Article 42

Letter a

Self-explanatory.

Letter b

Number 1

Self-explanatory.

Number 2

Self-explanatory.

Number 3

Self-explanatory.

Number 4

Self-explanatory.

Number 5

"Other parties" include insurance companies and pension funds in accordance with the provisions of the legislation.

Article 43

Self-explanatory.

Article 44

Self-explanatory.

Article 45

Self-explanatory.

Article 46

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Number 1

Self-explanatory.

Number 2

"Immediately increase the assets set aside and/or buy the Securities transacted by short selling" is done by adding assets or placing a buy order since the value of the assets set aside plus the funds received from the sale of the Securities through the Short Selling Transaction is less than 120% (one hundred and twenty percent) of the fair market value of the Securities in the Short Position.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Letter g

Self-explanatory.

Article 47

Paragraph (1)

"Liquidity provider" is a Stock Exchange Member that has received approval from the Stock Exchange to be able to trade Securities and has the obligation to make sale offers and requests to buy Securities on every Securities trading day to support the creation of Securities trading liquidity in accordance with the provisions of the legislation.

Paragraph (2)

Self-explanatory.

Article 48

Self-explanatory.

Article 49

“Certain actions” include ordering Securities Companies to adjust the Securities Companies' bookkeeping related to margin financing.

Article 50

Self-explanatory.

Article 51

Self-explanatory.

Article 52

Self-explanatory.

Article 53

Self-explanatory.

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF INDONESIA
NUMBER 76/OJK