

Number : KSEI-0323/DIR/0303

Jakarta, March 11th 2003

Att. : 4 (four) pages

To :

Board of Directors – Account Holders

PT Kustodian Sentral Efek Indonesia (KSEI)

Ref. : **Settlement of Foreign Exchange Denominated Debenture Transactions**

Gentlemen,

Referring to Letter No.: KSEI-0288/DIR/0303 of KSEI dated March 4th 2003 regarding NISP Bank Subordinate I Bonds Registration of the Year 2003 with Fixed Interest Rate with a Nominal Value for A Series: Rp. 455,000,000,000 and B Series: USD 5,000,000, we herewith wish to convey the fact that KSEI is technically capable of conducting safekeeping and scripless Securities transaction settlement denominated in foreign currency which are registered in the KSEI system (C-BEST). This is further supported by the availability of a multi-currency Securities registering system, which enables KSEI to register Securities, denominated in other than Rupiah.

In connection with the conduct of transaction settlement upon such foreign currency denominated Securities, we wish to convey the following matters:

1. Transaction settlement bearing book-transfer instruction with conditions of payment (DVP/RVP)

For the settlement of transactions involving funds in C-BEST, it is advisable that the Account Holder opens a fund account in the foreign currency of the respective Securities (exp.: USD for NISP Bank Subordinate Bonds) at the KSEI payment bank (Bank Mandiri, Bank Lippo dan ABN Amro Bank).

2. Transaction settlements stating unconditional book-transfer instructions without payment conditions (DFOP/RFOP)

For the settlement of such a transaction, the Account Holder needs only to execute instruction related to the Securities without involving funds.

The procedure and implementation of such a foreign currency denominated Debenture transaction settlement together with related matters regarding the distribution of rights upon ownership of Securities through C-BEST is conducted in the same manner as toward those Debentures denominated in Rupiah with a few adjustments. As primary reference, enclosed is a foreign currency denominated Debenture provision of service guidance.

Should further information be needed on the matter, please contact Mrs. Endang Triningsih (ph: 52991140), Mr. Oding B. Akbar (ph: 52991147) or Mr. Rizki Herucakra (ph: 52991143) , or send e-mail to oding@ksei.co.id & rizki@ksei.co.id

It is thus conveyed, we thank you for your attention and kind cooperation.

Yours truly,

PT Kustodian Sentral Efek Indonesia

Bambang Indiarito
Director

Endang Triningsih
Div. Head of Central Depository Services

Cc.:

1. Mr. Alfatihatmi, PT. Bank NISP Tbk;
2. IMrs. Daniek E. Tribuana, Trust & Custody Services, PT. Bank Permata Tbk;
3. Mr. Adang Sudradjat, Branch Manager, Bank Mandiri BEJ Br.;
4. IMrs. Reita Farianti, Branch Manager, Bank Lippo BEJ Br.;
5. Mr. Supranoto Prajogo, Head of Securities Services Dept., ABN Amro Bank BEJ Br.;
6. Board of Directors - PT. Bursa Efek Surabaya.

Attachment

CENTRAL DEPOSITORY SERVICES FOR FOREIGN CURRENCY DENOMINATED DEBENTURES

Basically, the conduct of providing central depository services on foreign currency denominated Debentures is similar to that on Rupiah denominated Debentures. However, important information for the KSEI Account Holder regarding the providing of services on foreign currency denominated Debentures (“Foreign Exchange Bonds”) are as follows:

1. Securities Account Administration

Foreign Exchange Bonds are kept in the same Securities Account opened by the Account Holder. Therefore, there is no need to open a special account to safe-keep such Foreign Exchange Bonds. Foreign Exchange Bonds will be given separate Securities codes and ISIN numbers as to differentiate them from other Securities.

2. Foreign Exchange Bonds Transaction Settlement

Foreign Exchange Bonds are transacted outside the Stock Exchange, settlement of which is conducted by book-transfer between Securities accounts which bear conditions of Delivery Versus Payment or Delivery Free Of Payment. Regarding the settlement conduct of such transactions, the following matters are to be given attention:

- a. Transaction settlement bearing book-transfer instruction with conditions of payment (DVP/RVP).

For the settlement of transactions involving funds in C-BEST, it is advisable that the Account Holder opens a fund account in the foreign currency of the respective Securities (exp.: USD for NISP Bank Subordinate Bonds) at the KSEI payment bank (Bank

Mandiri, Bank Lippo dan ABN Amro Bank).

For your information, at this moment Payment Banks are capable of conducting realignment for the settlement of Securities transactions denominated specifically in USD (United States Dollars). Book-transfer instructions stating conditions of DVP/RVP will be settled by C-BEST upon sufficiency of Foreign Exchange Bonds and funds. In the event of a Foreign Exchange Bonds transaction stating conditions of payment between Account Holders in possession of funds accounts at different KSEI Payment Banks, it is important to observe that the availability of funds in the Payment Bank as the receiver of funds (for the benefit of the DVP party) will only occur on Settlement Date +1 (SD+1). As for Bonds transactions between Account Holders with accounts in the same Payment Bank, the delivery of funds will occur on the same day as the Settlement Date (SD). The book-transfer instruction of such matched Foreign Exchange Bonds and funds can be immediately executed and the Account Holder can direct an inquiry in C-BEST upon the aforementioned status. Considering that such a transaction settlement which uses a DVP/RVP book-transfer instruction is carried out denominated in [USD] foreign currency, the wire transfer (WT) process of funds which have become the right of the Account Holder must be in consideration of the time needed by the Correspondent Bank to conduct the [USD] foreign currency clearing in New York.

As an example, the chart below pictures the transfer process of [USD] foreign currency applying the service of a Correspondent Bank in New York, USA.

- b. A transaction bearing unconditional book-transfer instruction is settled by payment (DFOP/RFOP).

For the settlement of such a transaction, the Account Holder only needs to execute an instruction related to the Foreign Exchange Bonds without involving funds.

3. Distribution of Interest Payment & Foreign Exchange Bonds Principle Redemption

The exercise of rights upon Foreign Exchange Bonds are among others: interest payment, principle redemption and other rights distributed to Account Holders through KSEI. Execution procedures are similar to those provisioned for Debentures denominated in Rupiah. In relation to the implementation of such Foreign Exchange Bonds rights, the following are matters to be considered:

- a. For the purpose of interest payment and principle redemption, it is advisable that the Account Holder opens a funds account in the currency of the Foreign Exchange Bonds denomination at a KSEI Payment Bank (Bank Mandiri, Bank Lippo dan ABN Amro Bank). KSEI will conduct the distributing of Foreign Exchange Bonds interest payment and/or principle redemption to Bondholders through the Account Holder on the payment date.
- b. Specifically for the distribution of interest payment, KSEI in its function as Payment Agent will deduct tax to be borne by the Bondholder upon receipt of Foreign Exchange Bonds interest in accordance with prevailing regulations on taxation. Thereby, the interest received by the Foreign Exchange Bondholder on payment date is tax deducted (net). By virtue of such a tax deduction, KSEI will distribute a receipt of the tax, which has been reported to the Tax Office, to each Foreign Exchange Bondholder through the respective Account Holder after having received such proof from the Registered Company. The tax rate imposed is that which is issued by the Tax Office on the respective payment date.

4. Withdrawal of Foreign Exchange Bonds

The withdrawing of Foreign Exchange Bonds from a Security Account can only be conducted by book-transfer to another Securities Account.

5. General Foreign Exchange Bondholders Meeting (RUPO)

The preparation procedure of Written Confirmation for a RUPO (KTUR) in relation to the holding of a RUPO is conducted in the same manner as that of the issuing of a KTUR for Bonds denominated in Rupiah. Several matters attached to the conditions and procedural of such a RUPO will be provisioned by the Trust Agent and Registered Company.

6. Reporting

The Account Holder may obtain reports related to the administrating of Foreign Exchange Bonds in a Securities Account, such as: registration confirmation, mutation. Such reports can be obtained automatically by directly accessing the Report module available in C-BEST.

7. Fees

Service fees related to Foreign Exchange Bonds primarily refer to the List of Service Fees provisioned by KSEI. Specifically for the Foreign Exchange Bonds safekeeping fee which is calculated percentage-wise against the nominal value of Bonds, fee is charged in Rupiah according to the daily rate issued by Bank Indonesia.

For further information on services, please don't hesitate to contact:

- Rizki Herucakra (5299-1143)
- Oding Budiman Akbar (5299-1147)
- Endang Triningsih (5299-1140)