

# TRANSACTION OF PROTECTED VALUE BASED ON SYARIAH PRINCIPLE

(Regulation of Governor of Bank Indonesia Number 18/2/PBI/2016, dated February 24, 2016)

WITH THE BLESSING OF THE ONE AND ONLY GOD

GOVERNOR OF BANK INDONESIA

Considering:

- a. Whereas, the objective of Bank Indonesia is to accomplish and preserve stability of Rupiah value;
- b. Whereas, stability of Rupiah value which, among other things, is affected by stability in Rupiah exchange needs support from liquid financial market and specifically domestic foreign exchange market, in order to maintain subsistence of national economy;
- c. Whereas, in the context of preserving subsistence of national economy, it is necessary to strengthen the structure of foreign exchange market domestically, which among other things, must be exercised by developing transaction of protected value so as to mitigate risk from uncertainty in foreign exchange movement, as required by economic players, including economic players based on syariah.
- d. Whereas, the role of Bank Indonesia is required to stimulate foreign exchange in-depth domestically by means of harmonization in the coordination pertaining to comprehensive transaction of protected value based on syariah.
- e. Whereas, based on the consideration referred to in letter a, letter b, letter c, and letter d, it is necessary to stipulate Regulation of Bank Indonesia concerning Transaction of Protected Value at the Bank based on Syariah Principle;

In view of :

1. Law Number 23 Year 1999, concerning Bank Indonesia (Statute Book of the Republic of Indonesia Year 1999 Number 66, Supplement to Statute Book of the Number 3843) as amended several times and lately

amended by Law Number 6 Year 2009, concerning Stipulation of Government Regulation in Lieu of Law Number 2 Year 2008, concerning Second Amendment to Law Number 23 Year 1999, concerning Bank Indonesia to become Law (Statute Book of the Republic of Indonesia Year 2009 Number 7, Supplement to Statute Book of the Republic of Indonesia Number 4962);

2. Law Number 24 Year 1999, concerning Traffic of Exchange and System of Exchange (Statute Book of the Republic of Indonesia Year 1999 Number 67, Supplement to Statute Book of the Republic of Indonesia Number 3844);

### DECIDES :

To stipulate:

**REGULATION OF BANK INDONESIA CONCERNING TRANSACTION OF PROTECTED VALUE BASED ON SYARIAH PRINCIPLE.**

## CHAPTER I

### GENERAL PROVISION

#### Article 1

What is meant in this Regulation of Bank Indonesia by:

1. Conventional Commercial Bank (Bank Umum Konvensional) hereinafter referred to as BUK shall be Commercial Bank as referred to in the Law that governs banking, including branch of a bank that domiciled overseas, operating conventional business activity.
2. Syariah Commercial Bank (Bank Umum Syariah) hereinafter referred to as BUS shall be Syariah Commercial Bank as referred to in the Law that governs syariah banking matters.
3. Syariah Business Unit hereinafter referred to as (Unit Usaha Syariah or UUS) shall be Syariah Business Unit as referred to in Law that governs Syariah Banking.
4. Customer shall be:
  - a. individual Indonesian citizen; or

- b. business entity other than Bank in the form of Indonesian business entity, domiciled in Indonesia including State-owned Business Entity (BUMN),  
exercising business activity that is not contradicting Syariah Principle.
5. Protected Value Based on Syariah Principle (Al tahawwuth al-Islami) hereinafter referred to as Syariah Protected Value shall be method or technical method for protecting value risk resulting from a change of exchange value based on Syariah Principle.
6. Protected Value Transaction Based on Syariah Principle hereinafter referred to as Syariah Protected Value Transaction shall be transaction made based on Syariah Principle in mitigating risk from change of exchange in particular currency forthcoming.
7. Underlying Transaction shall be activity constituting the basis of the need to exercise Syariah Protected Value Transaction that is not contradictory to Syariah Principle.
8. Spot Transaction shall be purchase and sell transaction in foreign exchange which delivery of fund must be made within two (2) working days at the latest effective as of the transaction date. Spot Transaction is also interpreted as transaction with delivery of exchange on the same day (today) or with delivery in one (1) after the date of transaction (tomorrow).
9. Forward Agreement (Al-muwa'adat li 'aqd al-sharf al-fawri fi al-mustaqbal) hereinafter referred to as Forward Agreement shall be mutual agreement (muwa'adah) in conducting Spot Transaction in particular amount in future with exchange or calculation exchange as agreed upon at mutual agreement.
- For exercising Spot Transaction in the future with exchange value or calculation of exchange value as agreed upon at the mutual agreement.
10. Application for Syariah Protected Value Transaction hereinafter referred to as Applicant shall be BUS, UUS, or Client applying for Syariah Protected Value Transaction.
11. Provider of Syariah Protected Value Transaction hereinafter referred to as Provider shall be BUS, UUS, or

BUK that provide Syariah Protected Value Transaction.

12. Syariah Principle shall be syariah principle as referred to in Law governing syariah banking.

## CHAPTER II

### SYARIAH PROTECTED VALUE

#### TRANSACTION PLAYER

##### Article 2

Syariah Protected Value Transaction Player shall be BUS, UUS, BUK, and Customer.

##### Article 3

Syariah Protected Value Transaction may be requested only by:

- a. Customer to BUS or UUS;
- b. BUS or UUS to other BUS or other UUS; or
- c. BUS or UUS to BUK.

## CHAPTER III

### OPERATION OF SYARIAH PROTECTED VALUE TRANSACTION

##### Article 4

No Syariah Protected Value Transaction may be exercised for speculation.

##### Article 5

- (1) Syariah Protected Value Transaction must be preceded by Forward Agreement or series of Forward Agreements.
- (2) Failure to comply with Forward Agreement, the party that fails to comply with the requirement is subject to loss compensation (ta'widh).
- (3) Sale and purchase transaction shall be prohibited using the document provided in Forward Agreement as referred to in paragraph (1).

## Article 6

- (1) the nominal value of Syariah Protected Value Transaction shall be the maximum nominal value of the Underlying Transaction as set forth in the Underlying Transaction.
- (2) The term of Syariah Protected Value Transaction shall be maximum equivalent to the term of the Underlying Transaction as set forth in the Underlying Transaction.
- (3) Exchange value and calculation of exchange value:
  - a. must be decided at entering into the Forward Agreement; and
  - b. shall be prohibited from contravening the Syariah Principle.

## Article 7

Syariah Protected Value Transaction shall be made together with protected simple value transaction ('Aqd al Tahawwuth al-Basith) or protected complex value ('Aqd al Tahawwuth al- Murakkab).

## Article 8

- (1) Syariah Protected Value Transaction must be settled at the same time at the transfer of fund of the full principal amount.
- (2) Syariah Protected Value Transaction which fund has been fully transferred may be cancelled by refunding the full amount.

## CHAPTER IV

## UNDERLYING TRANSACTION

## Article 9

Any Syariah Protected Value Transaction must have Underlying Transaction.

## Article 10

- (1) The Underlying Transaction as referred to in Article 9 shall not contravene the Syariah Principle.



(2) The Underlying Transaction referred to in Article 9 covers all the activities below:

- a. trading of goods and services domestically and overseas; and/or
- b. investment in the form of direct investment, portfolio investment, financing, capital, and other investment domestically and overseas.

(3) The Underlying Transaction referred to in Article 9 shall exclude:

- a. placement of fund at the bank, such as, in the form of saving, clearing account, deposit, and Negotiable Certificate of Deposit (NCD);
- b. activity on cash transfer by fund transferring company; and
- c. facilities for payment still not withdrawn, such as, in the form of standby financing and undisbursed financing.

#### Article 11

(1) the Underlying Transaction referred to in Article 9 must be supported by document of Underlying Transaction.

(2) Document in the form of collection in foreign exchange from transaction that is obliged to use Rupiah as governed in the requirements of Bank Indonesia that governs obligatory use of Rupiah within the territories of the Unitary State of the Republic of Indonesia, does not constitute document for Underlying Transaction.

(3) Further provision on the type of document for Underlying Transaction as referred to in paragraph (1) shall be governed in Circular Letter of Bank Indonesia.

#### Article 12

to be continued

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