

July 2015

Re: Obligation to Use Rupiah In Indonesia

Dear Valued Client,

Thank you for your loyalty as a Standard Chartered Bank client.

We wish to inform you on the issuance of the new Bank Indonesia Regulation No. 17/3/PBI/2015 dated 31 March 2015 and BI Circular No. 17/11/DKSP dated 1 June 2015 regarding Obligation to use Rupiah in Indonesia Territory (the "Regulation"), and its implication to your dealings with Standard Chartered Bank Indonesia ("Bank") for Foreign Currency Transactions against the Indonesian Rupiah ("Rupiah").

In relation to the Regulation and other prevailing regulations regarding Foreign Currency Transaction against Rupiah, your transaction with us will remain business as usual in accordance with the requirements under the prevailing Laws and Regulations. However, we would like to highlight the following provisions which will be effective starting July 1st 2015 :

- The Rupiah must be used for all domestic transactions.
- The Rupiah must be used in all Invoice issuances for domestic payments. Dual quotation (stating Rupiah and other foreign currencies) is not permitted under the Regulation.
- However, the following is exempted from the use of Rupiah :
 1. Transaction related to the state budget ("APBN")
 2. Receipt or granting of offshore grants
 3. International Trade
 4. Foreign currency deposit
 5. International Financing Transaction
 6. FCY Transactions conducted by Banks in accordance with the prevailing Laws, covering such as credit in foreign currency for export activities and other activities; foreign currency inter-bank money market; foreign currency bonds; foreign currency sub-debt; foreign currency securities trading as well as Government bond in FCY denominations traded in either primary or secondary market (global FCY denominated SUKUK).
 7. FCY-Notes Transactions
- For all foreign currency transactions against the Rupiah, the underlying documents as stipulated under this Regulation requires:
 1. All invoices for domestic settlement are to be in Rupiah, except for the exempted transactions as mentioned above.
 2. However, where the grandfathering principle is applied for existing contracts denominated in a foreign currency, the existing contract dated prior to 1st July 2015 and has not been amended shall remain acceptable and must be submitted as part of the underlying documents.
- All foreign currency transfer must include the purpose for which the foreign currency transaction is for. In case of a manual submission, please include this in the Funds Transfer form and in case of electronic submissions, please include this in the Payment Reference column.

You can find full copy of the Regulation in the BI website (www.bi.go.id). For further inquiry beyond the above pointers, Client may contact Bank Indonesia through **BI Contact Centre BICARA** at **500-131** or email bicara@bi.go.id

Warmest regards,
Standard Chartered Bank Indonesia