

## **LIABILITY TO USE INDONESIAN RUPIAH IN THE TERRITORY OF THE REPUBLIC OF INDONESIA**

Bank Indonesia **Circular** Letter No.17 / 11 / DKSP dated June 1, 2015, concerning liability to use Indonesian Rupiah in the territory of the Republic of Indonesia:

1. Circular Letter of Bank Indonesia (SEBI) is a SEBI 17/11 / DKSP dated June 1, 2015 concerning liability to use Indonesian Rupiah in the territory of the Republic of Indonesia.
2. SEBI is issued with consideration that it is necessary to regulate the implementation of the provisions of Bank Indonesia Regulation Number 17/3 / PBI / 2015 on the Liability to use Indonesian Rupiah in the territory of the Republic of Indonesia (State Gazette of the Republic of Indonesia Year 2015 Number 70, Supplement to State Gazette of the Republic of Indonesia Number 5683 ) in the form of SEBI.
3. Liability to use Indonesian Rupiah in the territory of the Republic of Indonesia adheres to the principle of territorial rights. Any transaction carried out in the territory of the Republic of Indonesia, both performed by residents and non-residents, cash and non-cash transactions and carried out in the territory of the Republic of Indonesia are obliged to use Indonesian Rupiah.
4. Transactions and payments are one unit. Transactions carried out in the territory of the Republic of Indonesia are obliged to provide receipt of payment in Indonesian Rupiah
5. Liability to use Indonesian Rupiah is not applicable to the following transactions:
  - a. certain transactions within the implementation of budget revenue and expenditure;
  - b. acceptance or grants from abroad or made by parties, one of which is domiciled abroad;
  - c. international trade transactions;
  - d. Bank deposits in foreign currencies as foreign exchange savings or foreign currency deposits;  
or
  - e. international financing transactions carried out by parties, one of which is domiciled in a foreign country such as the provision of credit by a bank abroad to customers in Indonesia.
6. Liability to use Indonesian Rupiah in each transaction does not apply to transfers of funds in foreign currencies from individuals in the country to foreign parties that are not intended as a payment or settlement of liabilities arising from transactions in the territory of the Republic of Indonesia.
7. Liability to use Indonesian Rupiah in each transaction does not apply to transactions in foreign currencies undertaken under the provisions of the Act which include:
  - a. Business activities in foreign exchange conducted by a Bank under laws governing banking and Islamic banking;
  - b. Transactions in the primary market and the secondary market of securities in foreign currencies issued by the Government under the Act that regulates state debt and state Islamic securities.
  - c. Other transactions in foreign currencies undertaken by the Law.

8. Parties may not refuse to accept Indonesian Rupiah for intended payments or to settle obligations to be fulfilled using Indonesian Rupiah and / or for other financial transactions in the territory of the Republic of Indonesia. These provisions exclude situations where:

- a. there are doubts over the authenticity of the received Indonesian Rupiah for cash transactions; or
- b. the payment or settlement of liabilities in foreign currencies has been agreed in writing, which was done for transactions and strategic infrastructure projects and which obtained exemption approval for the liability to use Indonesian Rupiah from Bank Indonesia.

9. In order to support the implementation of the liabilities of the use of Indonesian Rupiah, both businesses and individuals and corporations are required to include the price of the goods and / or services in Indonesian Rupiah only, and are banned to list the price of goods and / or services in Indonesian Rupiah and foreign currencies simultaneously (dual quotation).

10. Bank Indonesia has the authority to request reports, information, and / or data from any parties related to the implementation of the liability to use Indonesian Rupiah and the obligation of price inclusions of goods and / or services in Indonesian Rupiah.

11. Bank Indonesia shall supervise the compliance of each party in implementing the liability to use Indonesian Rupiah and obligations of price inclusions on goods and / or services in Indonesian Rupiah, which are made directly or indirectly. Direct supervision is done through checking that can be done at any time by Bank Indonesia or indirect supervision conducted through analysis and evaluation of the reports submitted by each party.

12. In the event of a problem for businesses with specific characteristics related to the implementation of the liability to use Indonesian Rupiah for non-cash transactions, Bank Indonesia can make specific policy with regard to the liability to use Indonesian Rupiah. Establishing specific policies for Bank Indonesia to consider, include, among others, the readiness of the business, continuity of business activities, investment activities, and / or business activities that have a significant impact on national economic growth, as well as businesses considering the compliance of the provisions of Bank Indonesia regarding the obligation of acceptance of export procedures, and the application of the precautionary principle in the management of external debt of non-banking corporations.

13. Submission of a request, submission of reports, and / or correspondence must be submitted in Indonesian to Bank Indonesia at the following address:

**Department of Policy and Payment System Oversight**

Bank Indonesia Office Complex Building D floor 5

Jl. M.H. Thamrin No. 2

Jakarta 10350.

In the event of a change of address mentioned above, Bank Indonesia will notify by mail and / or other media.

14. Any party violating the liability to use Indonesian Rupiah in the territory of the Republic of Indonesia will be penalized, provided that:

- a. There is a breach of the liability to use Indonesian Rupiah for cash transactions and / or prohibitions rejecting an amount for cash transactions for applicable penal provisions referred to in Article 33 of Law No. 7 of 2011 on Currencies.
- b. Sanctions against violations of the liability to use Indonesian Rupiah for non-cash transactions subject to administrative sanctions will be in the form of:
  - a written warning;
  - an obligation to pay, set at 1% (one percent) of the value of transactions, with the amount of the obligation to pay a maximum amount of 1,000,000,000.00 (one billion Indonesian Rupiah); and / or
  - a ban to participate in payment traffic.
- c. A breach of the obligation of the of price inclusion on goods and / or services in Indonesian Rupiah and reporting obligations, information, and / or the data subject to administrative sanctions in the form of a written warning.

15. To a written agreement regarding the payment or settlement of liabilities in foreign currencies made prior to the date of July 1, 2015 the following provisions apply:

- a. The written agreement includes parent treaties, agreements or other document derivatives containing the transaction will be done by the parties
- b. Written agreement as a derivative or implementation of master agreements made since the date of July 1, 2015 and treated as a stand-alone agreement shall be subject to regulations concerning the liability to use Indonesian Rupiah in the Territory of the Republic of Indonesia.
- c. Extensions and / or amendments to the written agreement made from the date of July 1, 2015 shall be subject to regulations concerning the liability to use Indonesian Rupiah in the Territory of the Republic of Indonesia. The changes of the written agreement are changes regarding the parties in the agreement, the price of the goods and / or services, and / or the object of the agreement.

16. Bank Indonesia **Circular** Letter shall come into force on July 1, 2015.