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Attachment : -  
Letter Classification : **General**

Jakarta, February 13, 2020

**To:**

**Board of Directors of PT Phintraco Sekuritas**

The EAST Tower 16th Floor  
Jl. Dr. Ide Anak Agung Gde Agung  
Kav.E3.2 No. 1 Mega Kuningan, Jakarta 12950

**Re: Warning on the Results of KSEI's 2019 Inspection**

Dear Sir/Madam,

Referring to the results of KSEI's Routine Inspection of PT Phintraco Sekuritas (to be referred further as "KSEI Service User") on April 11, 12, and 15, 2019, we hereby convey to you the following points:

1. Based on KSEI Inspection Result Report Number KSEI-5152/DIR/0519 (to be referred further as "IRR") on May 23, 2019, and the correction by the Service User in response to the inspection's result, as it has informed through an e-mail on August 5, 2019, KSEI has discovered the following total of violations that the Service User has failed to fully rectified, as well as violations that can no longer be rectified as their status are already settled:

KSEI Service User	Total Violations
PT Phintraco Sekuritas (AT001)	5

The specific KSEI Regulations that have not been complied by the Service User are as follows:

**a. KSEI Regulation Number I- D Regarding Accounts**

Item 3.1.1 of Regulation I-D specifies that:

"3.1 For the purpose of Securities Transaction settlements, the Participant who is the Securities Broker-Dealer are required to:

- 3.1.1. administer Clients' funds for Securities Transactions in Client Fund Accounts, in compliance with existing capital market rules and regulations."

**b. KSEI Regulation Number I-E on Single Investor Identification (SID)**

Item 4.6 of Regulation I- E specifies that:

"During the updating of data, Applicants are required to ensure that the SID Holder's data are complete, compatible, and accurate. Data that are recorded in the Applicant's administration system or submitted to KSEI, must be the most recent data and consist of information or documents that have been submitted by the SID Holder."

The specific KSEI Regulations that can no longer be rectified by the Service User are as follows:

**a. KSEI Regulation Number V-D Regarding Free of Payment Instructions and KSEI Circular Letter Number SE-0005/DIR-EKS/KSEI/1215 on Securities Overbooking Without Cash Payments through Free of Payment Instructions at KSEI**

1) Item 2.7.1. of KSEI Regulation Number V-D and Item 1.2.1 of KSEI Circular Letter specify that:

“2.7. If the FOP instruction is used for Securities book-entries during Stock Exchange transaction settlements, Participants are required to fill in a reference number, as stipulated below:

2.7.1 The Participant, which is a Member of the Stock Exchange, must include the transaction reference number that consist of the Stock Exchange Member's code and the trade confirmation code provided to the Client.”

and

“1.2.1. The Participant, which is a Member of the Stock Exchange, must fill in the transaction reference number in the Reference Number column as stipulated below:

Reference Number = A number issued by a Stock Exchange Member to differentiate between Stock Exchange Transactions and based on the following format (with a maximum of 16 characters):  
**[Stock Exchange Member Code + Transaction Confirmation Number]**

“Stock Exchange Member Code” = Code as a Stock Exchange Member

“Transaction Confirmation Number” = The Confirmation Number displayed in trade confirmations currently used by each Stock Exchange Member.”

2) Item 2.8. of KSEI Regulation Number V-D and Item 1.3.1 of the KSEI Circular Letter specifies that:

“2.8. In the event that Participants use the FOP instruction for off-market Transaction settlements, Participants are required to write in the Transaction that is the base of the FOP into C-BEST,…”

and

“1.3. In regards to the FOP instruction being used for Securities book-entries for off-market Transaction settlements, Participants are required to:

1.3.1. Fill in the settlement reason column as the background for the settlement of the underlying transaction, as specified in Item 2.8 of KSEI Regulation Number V-D regarding the Free of Payment Instruction.”

**b. KSEI Regulation Number I-F Regarding AKSes**

Item 3.6 of Regulation I-F specifies that:

“3.6. The Account Holder, the bank, the Party carrying out Securities administration, and/or other Party who constitute the data providers in AKSes, shall be responsible for any obligations, costs, claims and legal actions, losses, damages, and/or charges which might arise from any Party whomsoever in relation to the difference on Securities and/or fund record in AKSes, to the extent it is supported by sufficient evidences, in which, the difference on Securities record does not take place due to the fault or negligence of KSEI.”

Item 4.2 of Regulation I-F specifies that:

“4.2. The Account Holder shall be obliged to provide information to their Clients regarding the status, conditions, and/or the circumstances which could cause the occurrence of:

4.2.1 Inconsistencies between the Securities record maintained in AKSes and the Securities record maintained in the Account Holder’s record, and/or the Party carrying out Securities administration.”

2. As a response to the violation mentioned above and in point 1, Item 3.1 of KSEI Regulation Number VIII on Sanctions of KSEI stipulates:

“3.1. Sanctions will be enacted toward Service Users that have violated KSEI Regulations and/or Agreements between KSEI and Service Users.”

Therefore, KSEI has sanctioned the Service User by issuing a **Written Warning** to prevent the repeat of such violation and to request that the Service User provide a report on the result of its efforts to rectify this issue within a specified timeline.

Referring to KSEI Announcement Number KSEI-8145/DIR/0819, dated August 5, 2019, regarding Follow-Up Responses on the 2019 Inspection Result Report, we kindly request KSEI Service Users to submit the results of their efforts to rectify the discovered issues by **February 25, 2020**, at the latest. KSEI may impose stronger sanctions if similar non-compliances are discovered during further inspections.

Thank you for your kind attention and cooperation.

Sincerely yours,

**Uriep Budhi Prasetyo**  
President Director

**Supranoto Prajogo**  
Director

CC:

1. Director for Sanctions and Capital Market Objections - Financial Services Authority (OJK)
2. Director for Institution Supervision - Financial Services Authority (OJK);
3. Director for Transaction Supervision - Financial Services Authority (OJK);

4. Board of Directors of Indonesia Stock Exchange;
5. Board of Directors of Indonesian Clearing and Guaranteeing Corporation; and
6. Board of Directors of Indonesia Central Securities Depository