

PRESS RELEASE

MEMORANDUM OF UNDERSTANDING BETWEEN OJK AND THE EUROPEAN SECURITIES AND MARKETS AUTHORITY (ESMA) AND THE RECOGNITION OF PT KLIRING PENJAMINAN EFEK INDONESIA (KPEI) AS A THIRD-COUNTRY CENTRAL COUNTERPARTY (CCP)

Jakarta, 13 November 2023. Indonesia Financial Services Authority (Otoritas Jasa Keuangan/OJK) and PT Kliring Penjaminan Efek Indonesia (KPEI) announce that the European Securities and Markets Authority (ESMA) has recognised KPEI as a Third-Country CCP based on article 25 of the European Market Infrastructure Regulation (EMIR). This recognition is stated in the decision letter of the Board of Supervisors of ESMA dated 19 October 2023.

Inarno, Chief Executive of Capital Market, Financial Derivatives, and Carbon Exchange Supervision of OJK, conveyed this at a press conference at the OJK office, Soemitro Djohadikusumo Building, in Jakarta, Monday.

"The signing of the MOU between OJK and ESMA on 30 September 2023, followed by ESMA's recognition of KPEI as a Third-Country CCP on 19 October 2023 marks a significant milestone in OJK's efforts to encourage Clearing and Guarantee Institutions in Indonesia, in this case PT KPEI, to elevate its service capacity to an international and global level," said Inarno.

The recognition of KPEI by ESMA aligns with OJK's ongoing endeavours in promoting good corporate governance principles, prudential principles, effective risk management, security principles, efficiency, and reliability within the Capital Market.

According to Inarno, based on ESMA's assessment, KPEI is recognised as a Tier 1 Third-Country CCP. It reflects that KPEI qualifies as a non-systemically important Third-Country CCP or poses low risks to the financial stability of the European Union or one or more Member States of the European Union.

By being recognised as a Third-Country CCP by ESMA, KPEI may provide clearing services to clearing members or trading venues established in the European Union. The recognition of KPEI by ESMA shall apply as from 31 December 2023.

Recognition of KPEI as a Third-Country CCP followed the adoption of the equivalence decision by the European Commission on 8 June 2023 where the Commission concluded that:

1. the legal and supervisory arrangements of Indonesia ensure that CCP authorised in Indonesia and supervised by OJK comply on an ongoing basis with legally binding requirements which are equivalent to the requirements of EMIR;
2. the legal and supervisory arrangements in respect of CCP authorised in Indonesia provide for effective supervision and enforcement on an ongoing basis; and
3. the legal framework of Indonesia provides for an effective equivalent system for the recognition of CCP.

As part of the conditions for recognition of KPEI as a Third-Country CCP by ESMA, on 30 September 2023, OJK dan ESMA signed a Memorandum of Understanding (MoU) related to ESMA's Monitoring of the Ongoing Compliance with Recognition Conditions by CCP established in Indonesia and supervised by the OJK.

The scope of cooperation under the MoU is as follows:

1. general issues, including with respect to regulatory, supervisory, enforcement, or other developments concerning the Covered CCP and ESMA's monitoring of regulatory and supervisory developments in Indonesia;
2. issues relevant to the operations, activities, and services of the Covered CCP;
3. the coordination of supervisory activities and, as appropriate, providing assistance in the implementation of enforcement decisions;
4. any other areas of mutual interest.

The MoU also encompasses clauses pertaining to immediate notification, exchange of written information, and on-site visits to the Covered CCP.

Through the MoU, OJK and ESMA affirm a commitment to cooperate in the context of one another's regulatory regime and supervisory practices to the greatest extent appropriate and permitted by applicable laws and regulations. In the fulfilment of its responsibilities and objectives, ESMA will rely as appropriate upon the regulatory framework and supervision of OJK, recognising that OJK remains accountable in Indonesia for the resilience of the Covered CCP under its supervision.

For more information:

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