

PART II

CUSTOMER ORDER ROUTING TO OVERSEAS EXCHANGE (PALN)

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CHAPTER I
DEFINITIONS AND GENERAL PROVISIONS

100. DEFINITIONS

1. Unless the context requires otherwise, the capitalized terms in the provisions 100 Chapter I Part II of the Clearing Rules shall have the following meanings:

PALN Committee	is the Exchange Committee which oversees the operation of PALN at the Clearing House.
Contract	are contracts traded on overseas exchanges as defined in CoFTRA's decisions, Exchange Rules and Contract Specifications.
Customer Order Routing to Overseas Exchange (PALN)	is the offering activity of Contract and distributes the Customer's Order to the Contract using the system provided by the Exchange.
PALN Security Deposit	is a security of Rp500,000,000 (five hundred million rupiahs) or any other amount as determined by the Prevailing Law that must be deposited when the Clearing Member meets the PALN membership requirements.

2. Any meaning of capitalized terms not included in the definition of Chapter I Part II of the Clearing Rules shall refer to the provisions of the definitions contained in Chapter I Part I of the Clearing Rules.

101. GENERAL PROVISIONS

1. In the operation of PALN, the Clearing House is authorized and has the duty to:
- a. manage the PALN Security Deposit and Clearing Member Futures Broker's Margin;
 - b. enter into cooperation with a foreign clearing member futures broker to ensure the adequacy of the Clearing Member's Margin based on the report of foreign clearing member futures broker;
 - c. distribute the Margin (net) liabilities of the Clearing Member Futures Broker to the foreign clearing member futures broker;
 - d. receive the refund of the Clearing Member Futures Broker's Margin from foreign clearing member futures broker;
 - e. pay the liabilities of Clearing Member Futures Broker to its Customer which cannot be fulfilled or fails to be settled by the Clearing Member Futures Broker, at most of the Collateral Fund deposited to the Clearing House.
2. Other general provisions set forth in Chapter I Part I of the Clearing Rules are also applicable to Chapter I Part II of these Clearing Rules.

CHAPTER II
MEMBERSHIP

1. The Futures Broker Clearing Member performing clearing and settlement of a Contract to the Clearing House shall be subject to any provisions concerning membership, including but not limited to the terms, obligations and rights contained in Chapter II Part I of the Clearing Rules, Clearing House Decrees and the Prevailing Laws.

2. In addition to meeting the membership requirements for Futures Broker Clearing Member as set forth in Chapter II Part I of the Clearing Rules, the Futures Broker Clearing Member performing PALN must meet the following requirements:
 - a. being a Clearing Member and having entered into a cooperation agreement with a foreign clearing member futures broker;
 - b. making a statement of willingness to provide daily Open Position reports in foreign exchange to the Exchange;
 - c. obtaining approval from CoFTRA to perform PALN;
 - d. depositing PALN Collateral Fund to the Clearing House to be placed in the Clearing House's Segregated Account at the Depositary Bank approved by CoFTRA;
 - e. using a Margin Depositary Bank that provides online Margin deposit and drawdown facilities during trading hours with banks used by foreign clearing member futures broker;
 - f. having at least 1 (one) futures broker representative who controls or understands the rules of foreign futures exchanges and foreign contracts being traded; and
 - g. using the PALN system to the foreign futures exchange provided by the Exchange which is directly connected with the Clearing House.

CHAPTER III
MANAGEMENT

1. Clearing House Management supervising operational policies and PALN transaction activities are part of the organizational structure of the Clearing House as referred to in Chapter III Part I of the Clearing Rules.
2. The PALN Committee is a part of the Clearing Committee and is subject to the provisions of the Clearing Committee as referred to in Chapter III Part I of the Clearing Rules.
3. Other provisions relating to the management as referred to in Chapter III Part I of the Clearing Rules shall apply similarly to PALN.

CHAPTER IV

EXCHANGE LIST AND CONTRACTS

Implementation of PALN to overseas futures exchange may only be conducted on overseas futures exchange and Contract in accordance with the Prevailing Laws.

CHAPTER V

CLEARING SYSTEM AND MECHANISM

500. PALN IMPLEMENTATION PROCEDURE

1. Clearing Member Futures Broker must apply for CoFTRA approval to conduct PALN activities.
2. Before performing PALN transaction, the Clearing Member Futures Broker shall deposit the PALN Collateral Fund to the Clearing House.
3. The Clearing House shall use the Margin Depository Bank that provides online Margin deposit and withdrawal facilities during trading hours with banks used by foreign clearing member futures broker.
4. Clearing Member Futures Broker performing PALN shall enter into cooperation with a foreign clearing member futures broker registered in the Exchange. Such cooperation is facilitated by the Clearing House and shall at least contain:
 - a. rights and obligations of the respective party;
 - b. mechanism for distribution and management of Customer's Order;
 - c. information and reporting system;
 - d. supervisory system;
 - e. Customer's protection scheme;
 - f. mechanism for dispute settlement by arbitration; and
 - g. mechanism for the payment and withdrawal of Margin via Clearing House.
5. Such cooperation shall be made in at least 2 (two) languages, namely English and Indonesian, and in case of dispute, the English version shall prevail.
6. Clearing Member Futures Broker shall carry out PALN transactions via the system that has been provided by the Exchange that is connected directly (online) with the Clearing House.
7. Further procedures regarding the implementation of PALN transaction shall be stipulated in the Clearing House Decree.

501. PALN MARGIN

1. Any Clearing Member Futures Broker shall place an Initial Margin in a Clearing House's Segregated Account connected online with the Depository Bank designated by a foreign clearing member futures broker for the purpose of opening a position to be used to secure the implementation of a PALN transaction.
2. The Clearing House shall notify any excess or deficiency of the Margin of the Clearing Member Futures Broker based on report from the foreign clearing member futures broker.

3. Clearing Member Futures Broker must pay any obligation to pay the Margin deficiency to the foreign clearing member futures broker in futures time of no more than 1 (one) hour or other period specified by the Clearing House.
4. Notice of liabilities shall be made by electronic mail, facsimile and/or telephone. If such notification is not received by the Clearing Member Futures Broker due to technical malfunction of the means of communication or for any other reasons, it shall not be the reason by the Clearing Member Futures Broker to fail to comply with the obligation to pay Margin to the foreign clearing member futures broker in accordance with the time limit as specified in the provisions of item 3 above.
5. If the Clearing Member Futures Broker fails to comply with any obligation to pay Margin deficiency to the foreign clearing member futures broker in accordance with the time specified in paragraph (3) above, the Clearing House may take actions in the form of, including but not limited to:
 - a. refusing any Order either sell position or buy position, except to close positions; and
 - b. liquidating all or any part of the Open Position in the account of the Clearing Member Futures Broker.
6. Further provisions concerning Margin in the implementation of PALN transactions shall be further stipulated in the Clearing House Decree.

502. PALN TRANSACTION FEE

Any PALN transaction conducted by the Clearing Member Futures Broker shall be subject to PALN transaction fee and other fees as determined by the Clearing House from time to time to be determined by a Clearing House Decree.

503. UTILIZATION OF PALN SYSTEM

1. Clearing Member Futures Broker shall submit a written confirmation to the Exchange within 2 (two) Trading Days stating that the Clearing Member Futures Broker has fulfilled the requirements relating to the function, connectivity, operation and security requirements in the utilization of PALN system.
2. Clearing Member Futures Broker having met the requirements referred to in item 1 above shall be responsible for ensuring that the relevant Futures Broker has the control and ability to comply with any provision in the Clearing Rules.

CHAPTER VI
RIGHTS AND OBLIGATIONS

600. COOPERATION WITH FOREIGN CLEARING MEMBER FUTURES BROKER

1. Clearing Member Futures Broker performing PALN shall enter into cooperation with a foreign clearing member futures broker registered in the Exchange.
2. The cooperation as referred to in paragraph (1) shall be facilitated by the Exchange and shall contain at least:
 - a. rights and obligations of the respective party;
 - b. mechanism for distribution and management of Customer's Order;
 - c. information and reporting system;
 - d. supervisory system;
 - e. Customer's protection scheme;
 - f. mechanism for dispute settlement by arbitration; and
 - g. mechanism for the payment and withdrawal of Margin via Clearing House.
3. The cooperation as referred to in item 1 above shall be made in at least 2 (two) languages, namely English and Indonesian, and in case of dispute, the English version shall prevail.
4. The copy of such cooperation shall be submitted to the Exchange.

601. PALN CUSTOMER

The Clearing Member Futures Broker shall ensure that the Customer performing the PALN transaction has:

- a. the knowledge of the process of inputting Customer's Order in PALN transactions through the PALN system;
- b. the knowledge of the requirements in the Exchange Rules and PALN related requirements in cooperation with the foreign clearing house member futures broker;
- c. the knowledge of the Prevailing Laws on futures trading; and
- d. the knowledge of Futures Trading risks.

602. MISCELLANEOUS

1. Clearing Member Futures Broker and foreign clearing member futures broker shall open Segregated Accounts with the bank approved by the Clearing House.
2. The PALN Mechanism shall adhere to and comply with the Prevailing Laws, Clearing Rules and Clearing House Decrees.
3. The provisions of rights and obligations in PALN are subject to any provisions of the rights and obligations as referred to in Chapter VII Part I of the Clearing Rules.

CHAPTER VII

TRANSACTION SETTLEMENT

700. GENERAL PROVISIONS

All transactions that have occurred in foreign exchanges will be forwarded electronically through the trading system provided by the Exchange to the Clearing System and then registration and settlement of PALN transactions.

701. PALN TRANSACTION SETTLEMENT

1. The transaction settlement related arrangement in PALN transaction settlement shall be subject to any provisions concerning the transaction settlement contained in Chapter VIII Part I of the Clearing Rules and Clearing House Decree.
2. Futures Broker shall maintain, keep and report information relating to PALN activities to the Clearing House in accordance with the Prevailing Laws, Clearing Rules and Clearing House Decrees.
3. The Clearing House shall maintain and keep records relating to PALN activities in accordance with the Prevailing Laws.

702. DELIVERY OF PALN TRANSACTION

1. The Clearing House shall notify Clearing Members Futures Broker if there is an Open Position of the Customer from the Clearing Member Futures Broker concerned in the spot month which may result in Physical Delivery.
2. In the event of Physical Delivery, the implementation of Physical Delivery shall be the responsibility of the overseas clearing house.

CHAPTER VIII

DEFAULT AND RULE ENFORCEMENT

1. The Clearing House shall cooperate with the Exchange or the trading place of the Contract in performing rule enforcement of the related to Default and the rule enforcement of the provisions of the Prevailing Laws, Clearing Rules and Clearing House Decrees.
2. The provisions of Default and rule enforcement of the PALN shall be subject to any provision of the Default and rule enforcement as referred to in Chapter IX Part I of the Clearing Rules.

CHAPTER IX

COMPLAINT HANDLING MANAGEMENT

1. The Clearing House shall cooperate with the Exchange or the trading place of the Contract in handling any complaint.
2. The complaint handling provisions in PALN shall be subject to the complaint handling provisions as referred to in Chapter X Part I of the Clearing Rules.

CHAPTER X

VIOLATIONS AND SANCTIONS

1. The Clearing House shall cooperate with the Exchange or the trading place of the Contract in the imposition of sanctions on the breach of the provisions of the Prevailing Laws, Clearing Rules and Clearing House Decrees.
2. The provision of complaint handling in PALN shall be subject to the complaint handling provisions as referred to in Chapter XI Part I of the Clearing Rules.

CHAPTER XI

DISPUTE SETTLEMENT

1. The Clearing House shall cooperate with the Exchange or the trading place of the Contract in the dispute settlement relating to PALN.
2. The dispute settlement provisions in PALN shall be subject to the dispute settlement provisions as referred to in Chapter XII Part I of the Clearing Rules.
3. Any disputes between Clearing Members and foreign clearing member futures brokers related to the implementation of the Customer's order distributed to the overseas futures exchanges shall be settled in accordance with the prevailing provisions in the overseas futures exchanges.

CHAPTER XII

EMERGENCY SITUATION AND FORCE MAJEURE

1. The Clearing House shall cooperate with the Exchange or the trading place of the Contract in the taking of actions relating to Emergency Situation and Force Majeure.
2. The provisions of Emergency Situation and Force Majeure in PALN shall be subject to the provisions of Emergency Situation and Force Majeure as referred to in Chapter XIII Part I of the Clearing Rules.