

PART IV

PHYSICAL MARKET

TABLE OF CONTENTS

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| TABLE OF CONTENTS | |
| CHAPTER I DEFINITIONS AND GENERAL PROVISIONS | I/1 |
| CHAPTER II MEMBERSHIP AND PARTICIPATION | II/1 |
| CHAPTER III MANAGEMENT | III/1 |
| CHAPTER IV TYPES AND PROVISIONS OF COMMODITY | IV/1 |
| CHAPTER V CLEARING SYSTEM AND MECHANISM..... | V/1 |
| CHAPTER VI RIGHTS AND OBLIGATIONS..... | VI/1 |
| CHAPTER VII TRANSACTION SETTLEMENT | VII/1 |
| CHAPTER VIII RULE ENFORCEMENT..... | VIII/1 |
| CHAPTER IX COMPLAINT HANDLING MANAGEMENT | IX/1 |
| CHAPTER X VIOLATIONS AND SANCTIONS | X/1 |
| CHAPTER XI DISPUTE SETTLEMENT | XI/1 |
| CHAPTER XII EMERGENCY SITUATION AND FORCE MAJEURE | XII/1 |

CHAPTER I
DEFINITIONS AND GENERAL PROVISIONS

100. DEFINITIONS

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

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| Purchase Receipt | is a document issued by the Exchange on certain Commodities traded on the Exchange. |
| Depository Receipt | is a letter or document issued by the Depository Management who serves as proof of ownership of the Commodity before the Commodity is traded on the Exchange. |
| Export Document | are the documents required for the physical export of Commodities based on the Prevailing Law. |
| Warehouse | are all non-moving and immovable space for purposes not visited by the public, but for special use as storage of freely tradable goods and comply with other conditions stipulated in the Prevailing Laws in respect of Warehouse Receipt. |
| Transaction Guarantee | is a Guarantee that is submitted to the Clearing House to be able to conduct trading of Contract at the Exchange in accordance with the prevailing provisions in the Clearing Rules. |
| Risk Guarantee | is a Guarantee that is submitted to the Clearing House as the fulfilment of financial obligation in accordance with the provisions of the Clearing Member Guarantee in Chapter V Part I of the Clearing Rules. |
| Contract | is a form of physical Contract traded through the Exchange consisting of: a. spot contract; and b. forward contract. |
| Auction | is a Commodity transaction mechanism with an open price offering through an electronic system in which the market price is formed at the end of the Trading Hour. |
| Physical Market | is a physical market executed electronically and facilitated by the Exchange. |

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| Exchange Member | is the party acting as the seller/buyer of Commodity at the Exchange that meets the requirements stipulated by the Exchange. |
| Delivery Notice | is a notice to the Clearing House conducted by the Seller intending to submit the Depository Receipt or the TBKK and/or other documents relating to the submission in order to complete the Contract transaction prior to the Last Trading Day. |
| Successful Bidder | is the Seller or Buyer that wins the Auction and is responsible for the Physical Delivery of Commodities. |
| Depository Management | is a Party designated by the Clearing House responsible for storing, securing, managing, loading and/or delivering Commodity to the buyer in accordance with the Contract and also entitled to issue the Depository Receipt and Warrant. |
| Warehouse Management | is a Party that conducts warehousing business, either own warehouse or other property, which carries out storage, maintenance and supervision of goods held by the owner of the goods and has the right to issue Warehouse Receipt. |
| Clearing Participant | is a Party registered and incorporated in the membership of Clearing House having the right to conduct clearing and settlement of Contract in the Clearing House in accordance with the Clearing Rules. |
| Warehouse Receipt | is a document evidencing ownership of the goods stored in the Warehouse issued by the Warehouse Management. |
| Warehouse Receipt System | or abbreviated as SRG is an activity related to the issuance, transfer, guarantee and settlement of Warehouse Receipt transaction. |
| Contract Specification | is a document containing provisions on the procedure of trading and delivery of Commodity Contract traded on the Exchange. |
| Surveyor | is a party who cooperates with or a party appointed by the Exchange to perform activities, including but not limited to quality testing, verification and/or technical surveillance of Commodities traded on the Exchange. |
| Warrant | or abbreviated to TBKK is a document evidencing ownership of the Commodities stored in a Depository issued by the Depository Management. |

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| Depository | is a warehouse or other storage facility used to store physical Commodities managed by the Depository Management. |
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2. Any meaning of the capitalized terms not contained in the definitions of Chapter I Part IV of the Clearing Rules shall refer to the provisions of definitions contained in Chapter I Part I of the Clearing Rules.

101. GENERAL PROVISIONS

1. All and any terms and conditions in Chapter I Part IV of these Clearing Rules shall apply as a binding provision between:
 - a. the Clearing House and Clearing Members;
 - b. among Clearing Members;
 - c. Clearing Members and Clearing Participants;
 - d. the Clearing House and Clearing Participants; and
 - e. among Clearing Participants.
2. Other general terms as provided for in Chapter I Part I of the Clearing Rules shall also apply to Chapter I Part IV of the Clearing Rules.

CHAPTER II

MEMBERSHIP AND PARTICIPATION

200. CLEARING MEMBER PROVISIONS

1. The Clearing Member performing a transaction on the Physical Market shall be a Futures Trader Clearing Member.
2. The Clearing Member performing clearing and settlement of the 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 Decree and the Prevailing Laws.

201. CLEARING PARTICIPANT PROVISIONS

201.1 GENERAL PROVISIONS

1. Only the Party having fulfilled the requirements of Participant registration and other requirements stipulated by the Clearing House may become a Clearing Participant.
2. Each Clearing Participant shall have the right to perform certain Physical Market Contract transactions at the Clearing House in accordance with the provisions stipulated in the Clearing Rules and Clearing House Decree.
3. Any Clearing Member is bound by and shall adhere to the Clearing Rules and all Clearing House Decrees, and for that reason, each Clearing Member is deemed to have accepted, read and understood the contents and provisions of the Clearing Rules.

201.2 CLEARING PARTICIPANT CLASSIFICATION

The Party eligible for being a Clearing Participant shall consist of:

- a. individual Indonesian Citizen (WNI);
- b. individual foreign citizen (WNA);
- c. business entity having legal domicile in Indonesia; or
- d. foreign business entity.

201.3 CLEARING HOUSE MEMBERSHIP REQUIREMENTS

1. To become a Clearing Participant, in general, the following requirements shall be met:
 - a. complying with Clearing Participant classification; and
 - b. filling out the registration form provided by the Clearing House and complete the administrative documents requested by the Clearing House.
2. The Clearing Participant's specific administrative requirements shall be in accordance with the Physical Market Contract to be set forth further in the Clearing House Decree.

201.4 APPLICATION AND ACCEPTANCE PROCEDURE OF CLEARING HOUSE MEMBERSHIP

201.4.1 CLEARING HOUSE MEMBERSHIP APPLICATION RULES

1. To become a Clearing Participant, each Clearing Participant candidate shall:
 - a. Fill out the Clearing Participant application form which format and contents shall be set forth further in the Clearing House Rules.
 - b. Complete and enclose administrative requirement documents as follows:
 - i. For business entities:
 - (a) a copy of deed of incorporation of a business entity, deed of amendment to the articles of association and the latest amendment of the Board of Directors having been ratified by the competent authority;
 - (b) a copy of certificate of domicile;
 - (c) a copy of license from the competent authority;
 - (d) a copy of Taxpayer Identification Number (NPWP);
 - (e) a copy of management's identity card; and/or
 - (f) any other requirements as determined by the Clearing House.
 - ii. For individual:
 - (a) a copy of identity card;
 - (b) a copy of Taxpayer Identification Number (NPWP);
 - (c) recommendation from the Seller Clearing Participant (if so determined by the Clearing House); and/or
 - (d) any other requirements as determined by the Clearing House.
 - c. Pay all financial obligations as stipulated in the provisions of the Clearing Rules and Clearing House Decree.

2. After completing the Clearing House membership application form and statement required by the Clearing House correctly, the Clearing Participant candidate shall submit the membership application form along with the required administrative documents and proof of payment of the financial obligation in the provision of item 1 above to the Clearing House to be processed acceptance of membership.

201.4.2 CLEARING HOUSE MEMBERSHIP ACCEPTANCE RULES

1. The Clearing House shall receive the completed application form and completed with required documents and payment receipt of the required financial obligations.

2. In the event that the application file of the Clearing Participant candidate is incomplete and/or has not paid all the required fees, the Clearing House will ask the Clearing Participant candidate to complete and/or make payment, within the period to be determined by the Clearing House.

3. If a Clearing Participant candidate fails to comply with the requirements specified and/or fails to pay the required the remaining fees until the time limit stipulated by the Clearing House, the Clearing Participant's application is deemed to be void, and the Clearing Participant candidate must submit a new application.
4. The Clearing House reserves the right to verify by requesting additional information and documents to the Clearing Participant candidate.
5. The Clearing House shall have full authority to accept or refuse any application of a Clearing Participant candidate. The Clearing House Decision is final and binding.
6. In respect of acceptance or refusal of the application of a Clearing Participant candidate, the Clearing House shall notify its decision in writing to the Clearing Participant candidate. The Clearing House is not obliged to give any reason for its decision.
7. If the application of a Clearing Participant candidate is refused, the registration fee paid by the Clearing Participant candidate shall not be refunded.
8. If the application of the Clearing Participant candidate is accepted by the Clearing House, the Clearing House shall issue evidence of Clearing Participant in the form of a decision letter and a Participant certificate with the Clearing House and announce the name of the Clearing Participant on the Clearing House membership page on the Clearing House website.

201.5 TRANSFER OF CLEARING HOUSE MEMBERSHIP

1. Clearing Participants shall not be entitled to transfer membership to any Party which meets the membership requirements of the Clearing House unless otherwise provided by the Clearing House.
2. Further provisions concerning the transfer of membership of the Clearing House shall be provided for by a Clearing House Decree.

201.6 VOLUNTARY SUSPENSION AT CLEARING PARTICIPANT'S REQUEST

1. Clearing Participants may request the Clearing House to suspend its membership to the Clearing House for a while. The Clearing Participant shall provide the reasons for the request for such voluntary suspension.
2. The Clearing House may grant a voluntary suspension up to 24 (twenty-four) months to a Clearing Participant submitting a voluntary suspension request, on terms and conditions deemed reasonable by the Clearing House.
3. The Clearing House shall notify any such suspension to CoFTRA and other exchanges in which the Clearing Participant is registered as a member. Determination of voluntary suspension period is implemented upon coordination with CoFTRA.

4. Provisions on voluntary suspension procedures and the reactivation of membership of Clearing House shall be set forth further in the Clearing House Decree.

201.7 CLEARING HOUSE MEMBERSHIP RESIGNATION

1. The Clearing Participant may submit a resignation from the Clearing House by giving written notice of the purpose of his resignation to the Clearing House at least 30 (thirty) calendar days before the effective date of its resignation unless the Clearing House establishes a different time period.
2. Such resignation may be accepted by the Clearing House after the Clearing Participant intending to resign has fulfilled all of its obligations, including but not limited to the financial obligation with respect to the Clearing House, Depository Management or any other party related to Physical Market Contract.
3. If the Clearing Participant's resignation request is accepted by the Clearing House, the resignation shall only be effective upon:
 - a. the lapse of certain period, if the Clearing House has established an effective period of resignation in the Clearing Participant's resignation decision; and
 - b. The Clearing Participant has settled all obligations related to the Clearing Participant.

201.8 CONSEQUENCES OF CLEARING HOUSE MEMBERSHIP RESIGNATION AND REVOCATION

1. A Clearing Participant who has resigned or withdrawn his membership shall not be entitled to claim a refund of the registration fee and other financial obligation already paid to the Clearing House, except collateral after deducting all the Clearing Participant's financial obligation.
2. The Clearing Participant whose membership is revoked and the effective resignation shall be removed from membership of the list of Clearing Participants.

201.9 LIST OF CLEARING PARTICIPANTS

The Clearing House shall create and maintain a list of Clearing Participants which may be seen or known at any time and accessible to the public through the Clearing House website or other electronic media as determined by the Clearing House.

CHAPTER III
MANAGEMENT

1. The Clearing House Management that supervises the policies, operations and activities of Physical Market transactions is part of the organizational structure of the Clearing House as referred to in Chapter III Part I of the Clearing Rules.
2. The Physical Market Committee is 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 the Physical Market.

CHAPTER IV TYPES AND PROVISIONS OF COMMODITY

400. GENERAL PROVISIONS

1. Any type and provision of Commodity whose transactions are settled at the Clearing House shall be subject to CoFTRA approval.
2. The Party that delivers the Commodity to the Depository/Warehouse shall ensure and assume responsibility for the Commodity's ownership status.
3. The delivered commodity is not in dispute or put under a pledge to guarantee the performance of any obligation, unless otherwise agreed by the Clearing House.
4. The provisions concerning the type, quality, specifications and other requirements relating to Commodities whose transactions are incurred at the Exchange and settled in the Clearing House shall be set forth further in the Rules and Contract Specifications in accordance with the Exchange Rules.

401. EVIDENCE OF COMMODITY OWNERSHIP

1. Commodities stored in the Depository/Warehouse shall comply with the requirements and accompanied by the documents required in the Contract.
2. Upon checking the completeness of the documents and suitability of type, quality, weight, size, packaging and other specifications as stipulated in the Contract, then:
 - a. The Warehouse Management shall issue a Warehouse Receipt containing at least: Warehouse Receipt title, type of Warehouse Receipt (registered Warehouse Receipt or bearer Warehouse Receipt), name and address of the owner, the location of the warehouse, the date of issue, time of maturity, description of goods, storage cost, signature of goods owner and Warehouse Management and value of goods based on market price when goods are put into Warehouse.
 - b. The Depository Management shall issue:
 - i. Depository Receipt containing at least: Depository Receipt title, registration number, Commodity owner company, person in charge/designation of the Commodity owner, Commodity brand, Exchange Member or Exchange Participant number, Depository location, batch number, quantity, quality, Contract code, analysis certificate number, the name of the surveyor company that issued the analysis certificate.
 - ii. Warrant contains at least: Warrant title, registration number, Commodity owner company, person in charge of/designation of the Commodity owner, Commodity Brand, Exchange Member or Exchange Participant number, Depository location, batch number, quantity, quality, Contract code, analysis certificate number, the name of the surveyor company issuing the analysis certificate.

3. Warehouse Receipt, Depository Receipt or TBKK/Warrant is an “**Evidence of Ownership**” of Commodities traded under the Contract and may be made as a Transaction Guarantee as specified in the Contract.
4. Depository Management or Warehouse Receipt Management appointed by the Clearing House (“**Management**”) shall issue an Evidence of Ownership if the Seller or the party holding the Commodity at the Depository or Warehouse has fulfilled the completeness of the documents and terms specified in the Contract.
5. The Management is required to check the suitability of information contained in the Evidence of Ownership with the stored Commodities, including but not limited to quality, quantity, packaging, analysis certificate, brand, Commodity owner and other documents. The Management in performing its duties may appoint other parties to perform some of its duties and responsibilities or to verify the data, information or documents relating to the Commodities.
6. The Evidence of Ownership shall be effective as of the date of issuance by the Management until the Commodity kept has been placed at the Point of Delivery or up to the period specified in the Contract.
7. The Management shall provide a depository system accessible to Clearing Members, Clearing Participants, the Clearing House, CoFTRA, banks, financial institutions and other parties approved by the Clearing House for granted access (“**Depository System**”).
8. The Depository System shall at least contain the matters set forth by the Clearing House Decree.

402. LIMITATION OF LIABILITY OF THE CLEARING HOUSE

1. The Clearing House may rely on any information contained in the Evidence of Ownership and Depository System including but not limited to Commodity owner, Commodity status, charge or pledge over Commodity, quality, quantity, packaging and Commodity specification, without further inspection or investigation.
2. Each Management shall indemnify, protect and hold harmless the Clearing House against any and all losses, liabilities, demands, claims, damages, injuries, costs, expenses (including but not limited to consequential losses, injuries, costs or expenses) or any liability incurred or suffered by the Clearing House or the Board of Directors, Board of Commissioners, officers, employees or committees (or its members) arising out of or in connection with incorrectness, fault, failure or inaccuracies of the Evidence of Ownership and Depository System.

CHAPTER V CLEARING SYSTEM AND MECHANISM

500. GENERAL PROVISIONS

Rules relating to the clearing system and procedure, settlement and guarantee of the transactions occurring in the Physical Market are subject to the provisions concerning the clearing system and procedure contained in Chapter VI Part I of the Clearing Rules and their implementing regulations, to the extent applicable.

501. PRE-TRADE SESSION

1. Prior to commencement of each trading session, the Clearing House shall assess the adequacy of the Transaction Guarantee on the sale or purchase offer of each Clearing Member or Clearing Participant.
2. Where by virtue of such examination, a Clearing Member or Clearing Participant is deemed not to have sufficient Transaction Guarantee then such Clearing Member or Clearing Participant cannot proceed with the transaction.

502. CONTRACT REGISTRATION

1. Through the electronic trading system network of the Exchange or the trading place of Physical Market Contracts, all volumes and Open Positions will be submitted to the Clearing System to be registered, cleared and settled by the Clearing House.
2. The Clearing House is authorized to convince that all information submitted by the Exchange electronic trading system or the trading place of the Physical Market Contract to the Clearing System is true and credible. Accordingly, the Clearing House does not need to check or inspect and be released from responsibility for any claims relating to inaccuracy of the information.
3. Any Contract transaction that has been registered in the Clearing House is valid and cannot be cancelled or claimed by a Clearing Member or Clearing Participant.
4. Any Contract having been registered in the Clearing House through the Clearing System will receive clearing facilities and guarantee over the settlement of transactions from the Clearing House.
5. Upon receipt of registration of Contract transaction at Clearing House:
 - a. The Clearing House shall become the seller to the buyer; and
 - b. The Clearing House shall become the buyer to the seller.
6. The Clearing House is authorized to request to the Exchange or the trading place of the Physical Market Contract to refuse transactions by Clearing Members or Clearing Participants not meeting the obligations of the adequacy of Transaction and/or Risk Guarantee.

7. In the event that the details of the Contract submitted by Clearing Member or Clearing Participant are incomplete or there is an error, the Clearing House with its authority may order the Exchange or the trading place of the Physical Market Contracts to take necessary actions to improve such registration through the electronic trading system of the Exchange or the trading place of the Physical Market Contracts.
8. Any Contracts improved by the Exchange or the trading place of the Physical Market Contracts as mentioned above are deemed to have been registered and have reflected such amendments or improvement and are deemed to comply with applicable requirements.
9. At any time required by the Clearing House, the Clearing Member or Clearing Participant shall provide the necessary information in connection with the registration of a Contract.

503. SEGREGATED ACCOUNT

1. A segregated account shall be:
 - a. A segregated Account of a Clearing Member or Clearing Participant with the Depository Bank approved by CoFTRA, which is specifically opened for depositing assets or third party funds that are separate from the Clearing Member's or Clearing Participant's assets; and
 - b. A Clearing House Separate Account with the Depository Bank approved by CoFTRA, which is specifically opened for depositing funds or third party assets, Transaction Guarantee and Risk Guarantee which are separate from the Clearing House Account.
2. A Clearing Member or Clearing Participant shall retain funds of the Customer or a third party in a Segregated Account on behalf of such Clearing Member or Clearing Participant with the Depository Bank.
3. The Clearing House shall retain third party funds received from Clearing Member or Clearing Participant in Clearing House Segregated Account with the Depository Bank approved by CoFTRA.
4. To perform the clearing and guarantee function of the Contract transaction settlement, the Clearing House will open a Segregated Account with the Depository Bank.
5. The Clearing House shall record the details of the mutation of fund transactions of each Clearing Member or Clearing Participant in the account.

504. TRANSACTION GUARANTEE

1. Before entering into a transaction, each Clearing Member or Clearing Participant shall deposit the Transaction Guarantee into a Clearing House account as a condition of execution of transactions at the Exchange or where the Physical Market Contract is traded in accordance with the Contract Specification.
2. The Transaction Guarantee shall be determined by observing the Open Position of the relevant Clearing Member or Clearing Participant.

3. The Transaction Guarantee deposited to the Clearing House shall be free from any encumbrances and may be in the form of the following:
 - a. cash;
 - b. securities (including but not limited to Bank Guarantee, Letter of Credit (L/C);
 - c. TBKK/Warrant;
 - d. Depository Receipt;
 - e. Warehouse Receipt; and
 - f. any other forms as determined by the Clearing House.
4. The amount and procedure for depositing the Transaction Guarantee shall be further stipulated in the Clearing House Decree.

505. RISK GUARANTEE

1. Risk Guarantee is set up for the purpose of managing risks that may arise by using the basic calculation of risk and/or other methods specified in the Clearing House Decree.
2. The Clearing House has the authority to ensure the validity and adequacy of the Risk Guarantee scheme.
3. If a Clearing Member or Clearing Participant has been declared in Default and/or non-performance of a Clearing Member or Clearing Participant of its Open Position, the Risk Guarantee may be disbursed and utilized by the Clearing House to fulfil the financial obligations of such Clearing Member or Clearing Participant.
4. In the event that a Clearing Member or Clearing Participant resigns, the Risk Guarantee may be returned to the relevant Clearing Member or Clearing Participant after the Clearing House ensures that all financial obligations have been met.
5. The Risk Guarantee deposited to the Clearing House shall be free from the encumbrances of any security interest and may be in the form as referred to in the provision 504(3) of the Clearing Rules.
6. Other provisions related to Risk Guarantee for Clearing Members or Clearing Participants are subject to the terms of the Clearing Member Guarantee as set forth in Chapter V Part I of the Clearing Rules. The amount and procedure for depositing Risk Guarantee shall be further stipulated in the Clearing House Decree.

506. PAYMENT OF ADDITIONAL GUARANTEE TO THE CLEARING HOUSE

1. Once the Trading Hours is closed, the Clearing House shall notify the adequacy of financial obligations related to the transaction including but not limited to Transaction Guarantee to Clearing Member or Clearing Participant.
2. The Clearing Member or Clearing Participant with insufficient Transaction Guarantee shall meet the shortfall before the next trading hours.

3. Under certain circumstances, the Clearing House reserves the right to close any Open Position from the value of the Contract experiencing the loss to which the Clearing Member or Clearing Participant to the Clearing House through Exchange (or the trading place of the Physical Market Contract) if the Clearing Member or Clearing Participant does not perform the obligation as referred to in item 2 above.
4. The Clearing House is authorized to disburse the Risk Guarantee of a Clearing Member or Clearing Participant in the amount of the financial loss and/or financial obligations of the Clearing Member or Clearing Participant.

507. OPEN POSITION

1. The contract in Open Position shall remain bound on the Clearing House and the Clearing Member or Clearing Participant until:
 - a. the contract is liquidated as a result of the completion of the Daily Open Contract (mark to market);
 - b. the rights and obligations to the Open Position of the Contract are transferred to another Clearing Member or Clearing Participant;
 - c. The contract is liquidated by the completion of Physical Delivery; and
 - d. The contract is liquidated by cash settlement.
2. Any valid Open Position to be executed in accordance with the provisions of Arrangement and Contract Specifications made under the Exchange Rules. Clearing Members or Clearing Participants cannot cancel and/or challenge the Contract.

508. DAILY SETTLEMENT PRICE

The Clearing House shall use the Daily Settlement Price stipulated by the Exchange (or the trading place of the Physical Market Contracts) to make adjustments to any Open Position held by a Clearing Member or Clearing Participant.

509. SETTLEMENT AGAINST DAILY OPEN POSITION (MARK TO MARKET)

1. Any registered Open Position shall create two new contracts on the next trading day having the same terms and conditions, where:
 - a. the Clearing Member or Clearing Participant to the Contract shall become a buyer of a Contract and a seller for another Contract, and the Clearing House shall become the counterpart against each relevant Contract;
 - b. the price used by the Clearing House for each Contract is the latest Daily Settlement Price for the relevant Contract; and
 - c. Contract date for settlement against each Contract is the date on which the Daily Settlement Price is determined.
2. The Clearing House has the authority to make calculation of difference of settlement price, and difference of settlement price becomes obligation or right of the relevant Clearing Member or Clearing Participant.

3. If the result of the Mark to Market calculation results in the surplus of Transaction Guarantee above the amount of the Transaction Guarantee determined by the Clearing House, the Clearing Member or Clearing Participant may withdraw the excess of such Guarantee, in the case of Clearing Member or the Clearing Participant depositing funds or assets beyond the Transaction Guarantee.
4. If the result of the calculation of the mark to market resulted in a reduction in the amount of the Transaction Guarantee under the amount of the Transaction Guarantee determined by the Clearing House, the Clearing Member or Clearing Participant shall add the Transaction Guarantee to the Clearing House no later than 1 (one) hour after the fulfilment of such deficiency arises or any other time as determined by the Clearing House.
5. In the event that a Clearing Member or Clearing Participant fails to fulfil its obligations as referred to in items 3 and 4 above, the Clearing House by its authority may take the necessary steps including but not limited to the disbursement of the Risk Guarantee and liquidation of the Open Position of the Clearing Member or Clearing Participant.
6. The Clearing Member or Clearing Participant shall refurnish the Risk Guarantee which is used as stipulated in item 5 above minimum at the rate of Risk Guarantee prior to the commencement of the next trading hours.
7. The Clearing Member or Clearing Participant failing to refurnish Risk Guarantee up to 2 (two) subsequent Business Days shall be subject to suspension to conduct the transaction.

510. TRANSFER OF POSITION

1. Any transaction or position may be transferred from one Clearing Member to another Clearing Member, if:
 - a. two or more Clearing Members enter into a business merger;
 - b. the Clearing Member resigns from its position;
 - c. the Clearing Member is suspended or revoked by the Clearing House, and a third party is authorized to choose a replacement Clearing Member; or
 - d. instructed by the Clearing House upon receiving recommendation from the Clearing Committee.
2. Any transaction or position may be transferred from one Clearing Member to another Clearing Member, if:
 - a. two or more Clearing Members enter into a business merger;
 - b. the Clearing Member resigns from its position;
 - c. the Clearing Member is suspended or revoked by the Clearing House, and a third party is authorized to choose a replacement Clearing Member; or
 - d. instructed by the Clearing House upon receiving recommendation from the Clearing Committee.
3. Transfer of position may also be made from a Clearing Member to a Clearing Participant or from a Clearing Participant to a Clearing Member in the event of the circumstances referred to in item 1 and 2 above.

4. Any transfer of transaction or position shall meet the following requirements:
 - a. shall be reported to the Clearing House; and
 - b. the price used at the time of the transfer shall be the Daily Settlement Price and upon opening of the position in the new account shall apply the same price and in the transfer of the Contract excluding the change of ownership.

511. SPECIFIC REQUEST

1. In the event of any change in the market price, price movements, trading activities and other matters which the Clearing House reasonably believes to affect the risk that may impose a burden, the Clearing House may request additional funds from one or more Clearing Members or Clearing Participants in addition to securing to the financial obligations of the Open Position.
2. Such request shall be communicated to Clearing Member or Clearing Participant by written notification of the available Guarantee and insufficient Guarantee to be fulfilled within 1 (one) hour after the request is sent or other time as determined by Clearing House.

512. CLEARING FEE

The Clearing House shall impose a charge the Clearing Members or Clearing Participants against any expenses incurred and arising from the occurrence of transactions and other fees and charges levied by the Clearing House. These costs include:

- a. transaction fee;
- b. other costs related to the settlement of Physical Delivery; and
- c. penalty.

513. ELECTRONIC CLEARING SYSTEM

1. In performing its functions and duties as the executor of clearing and guarantor of Contract transaction settlement, the Clearing House provides Automated Clearing Platform system and facilities; an internet-based electronic system that will ensure the accurate, real time/timely access of information about all trade transactions and quotations of Contracts entered into the Exchange (or the trading place of the Physical Market Contracts). The system will also display processing overviews, prioritization and price quotations that can be directly monitored by parties concerned with the conduct of clearing transactions.
2. In terms of organizing clearing and guarantee the settlement of contract transactions, the Clearing House shall cooperate with the Exchange (or the trading place of the Physical Market Contract) requiring the services of clearing and guaranteeing the completion of the relevant Contract transactions.
3. The cooperation referred to in paragraph 2 above shall be set forth in a separate agreement which shall govern the appointment of a Clearing House as the executor of clearing and guarantor of the settlement of Contract transactions traded on the Exchange or the trading place of the Physical Market Contract.

4. All transaction data of Contract trading shall be recorded correctly through electronic trading systems provided by the Exchange or the trading place of the Physical Market Contracts.
5. The Clearing House shall only carry out clearing and settlement procedures for the matched Contract transaction received from the Exchange or the trading place of the Physical Market Contract.
6. Prior to the process of synchronization by the Exchange (or the trading place of the Physical Market Contracts), all contracts of Sale and purchase transactions shall be collected in the electronic trading system of the Exchange (or the trading place of the Physical Market Contract) which shall automatically transmit the transaction data to Clearing System for early checking of transaction data validation and adequacy of guarantee or other financial liabilities.
7. If the Clearing System has performed checking, then the validated Transaction Data will be sent back automatically to the electronic trading system of the Exchange (or the trading place of the Physical Market Contracts) for processing of its matching. Transaction Data that is not validated or rejected will be informed to the Exchange electronic trading system (or the trading place of the Physical Market Contract) with a rejected/unprocessed note.
8. For Transaction Data having been validated by the Clearing System, the Exchange (or the trading place of the Physical Market Contract) will send back the equivalent transaction to the Clearing System for the clearing and settlement of the transaction.
9. The Clearing House may propose to the Exchange (or the trading place of the Physical Market Contract) to discontinue the trading of the Contract or to apply certain conditions including the payment of an additional guarantee for the registration of the Contract.
10. Via the Clearing System, the Clearing House shall submit a report to a Clearing Member or Clearing Participant in a certain format containing details relating to:
 - a. financial statement and clearing statement;
 - b. advantages and disadvantages calculation of Open and Closed Positions;
 - c. Guarantee management consisting of Transaction Guarantee and Risk Guarantee;
 - d. Contract calculations made by set-off;
 - e. Open Position of the Clearing Member or Clearing Participant;
 - f. cash funds placed by the Clearing Member or Clearing Participant to the Clearing House;
 - g. the amount of cash funds credited from and debited to the Separate Account and Inseparable Account of the Clearing Member or Clearing Participant; and
 - h. other reports and notices deemed necessary.
11. The Electronic Clearing System shall be deemed unavailable if:
 - a. The Clearing System does not work because of a failure of the machine, software or other causes;

- b. no Clearing Member or Clearing Participant has successfully accessed into the system network; or
 - c. The Clearing System is suspended by the authorities.
12. If the Clearing System stops functioning as referred to in item 11, all applicable Orders shall continue to be included in the electronic list to proceed as soon as the Clearing System is functioning normally or the Clearing House shall take the necessary measures to ensure the implementation of the mechanism clearing and guaranteeing the settlement of Contract transaction and report the same to CoFTRA.

514. CLEARING SUPERVISORY SYSTEM

1. At every commencement of the opening of Trading Day until the closing of Trading Day, the Clearing House Employee shall supervise and check the operation of the Clearing System.
2. If at the time of the examination is found the things that should be known will cause problems, conflicts, claims or legal suits against the operation of the Clearing System, the Clearing House will order a specially formulated Clearing Committee to examine and investigate the problems in accordance with the Clearing Rules and the applicable Prevailing Laws.
3. The Board of Directors of the Clearing House, having heard the opinion of the Clearing Committee, is entitled and authorized to establish policies, decisions, solutions, sanctions, complaints and dispute settlement mechanisms, and preventive and corrective actions that can ensure the continuity of the operation of the Clearing System and completion of Contract transactions.

515. CLEARING HOUSE RECORD

1. The Clearing House shall record the Contract and its settlement and other matters carried out in accordance with the Clearing Rules.
2. The Clearing House shall keep such records for a period of at least 10 (ten) years from the date of recording which may be used as evidence.

CHAPTER VI RIGHTS AND OBLIGATIONS

600. RIGHTS OF CLEARING MEMBERS AND CLEARING PARTICIPANTS

1. Any Clearing Member or Clearing Participant performing transaction settlement that occurs in the Physical Market shall be entitled to:
 - a. obtain clearing services and transaction settlement guarantee;
 - b. receive training and education related to the Clearing Rules, the system, in accordance with the program schedule set by the Clearing House;
 - c. use the name, logo, trademark of the Clearing House for promotional, educational and socialization purposes with prior written approval from the Clearing House;
 - d. obtain information in relation to changes in the Clearing Rules, Clearing House Decisions, transactions and financial statements and announcements and/or notices related to clearing and guarantee activities through the media specified by the Clearing House.
2. All right as a Clearing Member or Clearing Participant above shall only be effective upon the receipt of any evidence of membership or participation of the Clearing House.
3. The Clearing House shall not be liable for any risks or liabilities that may arise from activities or trading activities conducted by Clearing Members or Clearing Participants who do not yet have evidence of membership or participation of the Clearing House.

601. OBLIGATIONS OF THE CLEARING MEMBERS AND CLEARING PARTICIPANTS IN RESPECT OF TRANSACTION SETTLEMENT IN PHYSICAL MARKET

1. Any Clearing Member or Clearing Participant performing transaction settlement on the Physical Market shall:
 - a. obey and uphold the discipline, code of ethics and the provisions applicable to the Clearing House;
 - b. comply with the Clearing Rules, Clearing House Decree, Prevailing Laws on Futures Trading and other applicable regulations including but not limited to regulations on market misconduct or market abuse;
 - c. comply with all procedures, risk control systems, and technical and operational requirements established by the Clearing House;
 - d. organize an orderly administration of transactions undertaken with guarantee and settlement;
 - e. give testimony in the dispute settlement arising when requested by the Exchange and/or Clearing House;
 - f. be liable for any negligence, fault and breach committed by the management or employees of Clearing Members or Clearing Participants against the provisions applicable to the Clearing House;
 - g. comply with and maintain the financial and security requirements and other financial obligations as stipulated by the Exchange and/or Clearing House;
 - h. manage bank accounts with currencies that enable settlement process;

- i. provide and retain the value of Risk Guarantee Contribution and Assessment Contribution as specified in the provisions of Chapter V Part I of the Clearing Rules, other than any other security requirement that may be required by the Clearing House against Clearing Member or Clearing Participant;
 - j. have sufficient resources and develop and maintain adequate internal controls and risk management systems, including risk management policies and procedures;
 - k. upgrade software and hardware as notified by the Clearing House from time to time;
 - l. participate in a Clearing System simulation session organized by the Clearing House to test the updated software;
 - m. maintain the systems and procedures for the operation of clearing, recording, reporting and settlement of Contracts in accordance with those established by the Clearing House;
 - n. retain the financial documents, annual reports and other documents required by the Clearing House and the Prevailing Laws to be retained;
 - o. keep and maintain high standards of business ethics with integrity and honesty based on good faith;
 - p. appoint a contact person in the event of emergency and provide contact information (address, e-mail, telephone number and fax) that can be contacted from that party to the Clearing House. The Clearing Member or Clearing Participant shall be contactable at any time, and shall notify the Clearing House immediately in the event of emergency;
 - q. comply with the terms and/or any other decisions as determined by the Clearing House from time to time;
 - r. refrain from providing fund, credit or financing to other Clearing Members or Clearing Participants for any purpose except with the prior written consent of the Clearing House;
 - s. maintain and keep all technical systems and procedures being used;
 - t. comply with every direction and decision of the Clearing House;
 - u. retain transaction and financial reports that shall be kept for at least 10 (ten) years; and
 - v. specifically for Clearing Member or Clearing Participant, it is required to open a Segregated Bank Account to accommodate deposit of third party financial liabilities including but not limited to Transaction Guarantee and/or Risk Guarantee.
2. Clearing Members or Clearing Participants shall be subject to any provisions concerning the arrangement and use of the Clearing Funds contained in Chapter V Part I of the Clearing Rules.
3. For the purposes of Chapter VI Part IV of these Clearing Rules, the provisions on rights and obligations of Chapter VII Part I of the Clearing Rules applicable to the Clearing Members shall apply *mutatis mutandis* to the Clearing Participants.

CHAPTER VII TRANSACTION SETTLEMENT

700. GENERAL PROVISIONS

1. The arrangement regarding transaction settlement in the settlement and guarantee of transactions in Physical Market shall be subject to any provisions concerning transaction settlement contained in Chapter VIII Part I of the Clearing Rules and its implementing regulations.
2. The delivery and receipt of the Commodity as referred to in the Contract that has matured shall be executed in accordance with the Clearing Rules and procedures established by the Clearing House.
3. Any Seller who will carry out Commodity delivery shall submit relevant documents in accordance with Contract Specifications to the Clearing House.
4. Any Buyer who will receive Commodity delivery shall deposit funds to the Clearing House.
5. The Clearing House shall not be liable for any delivery of false documents submitted by and to the Clearing Member or Clearing Participant and the liability for such counterfeit documents shall be the sole liability of the relevant Clearing Member or Clearing Participant.
6. In the event that the Buyer intends to collect the goods, the Buyer shall deliver the original documents of warrant for the release of goods and original documents or copies of the Commodity Depository Receipt to the Depository Management.
7. The Clearing House shall cooperate, including but not limited to, the Management, registration centre and banking in the transfer of Commodity and/or Evidence of Ownership.

701. CONTRACT MATURITY NOTICE

The Clearing House shall notify the allocation of trade to Clearing Member or Clearing Participant via communication media to the Clearing Member or Clearing Participant over Contract before Contract expires in accordance with Contract Specifications.

702. PAYMENT AND DELIVERY

1. The Buyer, on the basis of the trade allocation shall pay the obligations of payment to the Clearing House and relevant documents in accordance with the Contract Specifications no later than the Contract expiry date.
2. The Seller, based on the trade allocation shall submit the relevant documents to the Clearing House including but not limited to the document of Evidence of Ownership and the authorization of transfer of ownership rights of Commodity, Evidence of Ownership, settlement evidence of warehouse lease, purchase order, certificate of origin no later than on the due date.

3. For each Evidence of Ownership as referred to in item 1 above shall be credited to Buyer's account and debited to the Seller's account.
4. By using written instrument, the Clearing House shall submit the Evidence of Ownership to the Buyer and the Clearing House shall debit Buyer's account.
5. Further provisions concerning payment and delivery shall be stipulated in the Clearing House Decree.

703. DELIVERY FEE

The Clearing House may charge a fee in connection with the delivery of Commodities carried out by the delivery of Commodities carried made in accordance with these Clearing Rules. Such fee and charge will be determined later by the Clearing House.

704. TRANSACTION SETTLEMENT

1. Clearing Members or Clearing Participants shall comply with all provisions of the Clearing Rules and the terms of the relevant Contract relating to the delivery to or acceptance by the Clearing House and to comply with the deadline specified in the Clearing Rules and Contract.
2. Seller's obligation to a Contract is deemed to be completed if the Seller has delivered the Commodity to the Clearing House and has received payment from the Clearing House.
3. Buyer's obligation to a Contract is declared complete if the Buyer has made payment to the Clearing House and has received the Commodity delivery from the Clearing House.
4. The transaction settlement as referred to in item 2 above shall be considered void if the Seller delivers false, incorrect or unlawful documents against the applicable provisions of the Regulations of Law so that the Clearing House is not responsible for the documents.
5. The Clearing House shall examine, but not be required, the suitability between the Contract Specifications and the Evidence of Ownership submitted by the Seller. The Clearing House shall calculate the rights and obligations on the transaction settlement. Based on the calculation result, the Clearing House will issue a settlement confirmation.
6. Submission of documents proving the ownership of Commodity to Buyer under the Contract shall not be deemed as acceptance by the Clearing House of documents proving the ownership of the Commodity.

705. ALTERNATIVE PHYSICAL DELIVERY

1. Clearing Members or Clearing Participants may make an Alternative Physical Delivery for Contract settlement to the extent that:
 - a. such arrangement may be made at the designated Point of Delivery and any other point of delivery as necessary to ensure an efficient and economical Contract settlement; and
 - b. the maintenance of trading functions according to the Clearing House.

2. The Alternative Physical Delivery may be implemented in accordance with Chapter VIII Part I of the Clearing Rules and further stipulated in the Clearing House Decree.

CHAPTER VIII
DEFAULT AND RULE ENFORCEMENT

800. GENERAL PROVISIONS

1. The Clearing House shall cooperate with the Exchange or the trading place of the Physical Market Contract in rule enforcement relating to Default and Violations against the provisions of the Prevailing Laws, Clearing Rules and Clearing House Decrees.
2. The provisions of Default and rule enforcement on the Physical Market are subject to any provision of the Default and rule enforcement as referred to in Chapter IX Part I of the Clearing Rules.
3. For the purposes of Chapter VIII Part IV of these Clearing Rules, the provisions of Default and rule enforcement in Chapter IX Part I of the Clearing Rules applicable to the Clearing Members shall apply *mutatis mutandis* to the Clearing Participants.

801. EVENT OF DEFAULT

1. Clearing Members or Clearing Participants unable to fulfil the obligations related to transaction settlement due to the following matters shall be declared as Default in the Physical Market:
 - a. the Clearing Member or Clearing Participant fails to fulfil the financial liabilities of membership of the Exchange, including but not limited to, the payment obligation of Commodity under Contract Specifications, obligations relating to Transaction Guarantee and Risk Guarantee and any supplement thereto;
 - b. inability of the Seller to perform or fulfil the obligations of Commodity delivery or fulfilment of verifiable stock for trading under the Contract Specifications;
 - c. inability of the Clearing Member or Clearing Participant to execute or fulfil the obligation of goods delivery or payment under the Contract Specifications (Non-Delivery/Non-Payment);
 - d. any court filing or ruling concerning dissolution, merger or insolvency of the Clearing Member or Clearing Participant;
 - e. any statement of failure of the Clearing Member or Clearing Participant under the Clearing Rules; and
 - f. the Clearing Member or Clearing Participant is found guilty by a court decision having permanent legal force over fraud and/or other criminal offenses in the other field of finance.
2. The Clearing House is authorized to take the following actions against any Defaulting Clearing Member or Defaulting Clearing Participant:
 - a. to transfer of Contract to another Clearing Member or Clearing Participant who is able and willing to accept the transfer by porting process;

Indonesia Clearing House Rules and Regulations
Part IV Physical Market

- b. to instruct the Defaulting Clearing Member or Defaulting Clearing Participant to postpone the Physical Delivery;
 - c. to instruct the Defaulting Clearing Member or Defaulting Clearing Participant to make an alternative cash payment by Invoice Back against the Contract from the Defaulting Clearing Member or Defaulting Clearing Participant;
 - d. to disburse the Transaction Guarantee to cover the obligations of the Defaulting Clearing Member or Defaulting Clearing Participant to the Clearing House;
 - e. if the Transaction Guarantee has been used entirely, then the Clearing House is authorized to use or disburse the Risk Guarantee; and
 - f. may take any action which may or have to be done, subject to the Clearing Rules and the Prevailing Laws, to cover and/or settle the rights, obligations and positions of Defaulting Clearing Member or Defaulting Clearing Participant.
3. If the measures as referred to in item 2 above are deemed impractical, the Clearing House may initiate the settlement process of the Default by the Clearing Fund after the use of the Risk Guarantee from the Defaulting Clearing Member or Defaulting Clearing Participant.

CHAPTER IX
COMPLAINT HANDLING MANAGEMENT

1. The Clearing House shall cooperate with the Exchange or the trading place of the Physical Market Contract in handling any complaints.
2. The provisions of complaint handling on the Physical Market shall be subject to any provision of complaint handling as referred to in Chapter X Part I of the Clearing Rules.
3. For the purpose of Chapter IX Part IV of these Clearing Rules, the provisions of complaint handling in Chapter X Part I of the Clearing Rules applicable to Clearing Members shall apply *mutatis mutandis* to the Clearing Participants.

CHAPTER X
VIOLATION AND SANCTION

1000. GENERAL PROVISIONS

1. The Clearing House shall cooperate with the Exchange or the trading place of the Physical Market Contract in the imposition of sanctions on any Violation of the provisions of the Regulations of Law, Clearing Rules and Clearing House Decrees.
2. The provisions of Violation and sanction on the Physical Market shall be subject to any provisions of the Violation and sanctions as referred to in Chapter XI Part I of the Clearing Rules.
3. For the purpose of Chapter X Part IV of these Clearing Rules, the provisions of Violation and sanction in Chapter XI Part I of the Clearing Rules applicable to Clearing Members shall apply *mutatis mutandis* to Clearing Participants.

1001. REVOCATION OF CLEARING HOUSE PARTICIPATION

1. Sanction of revocation of Clearing House participation may be made to the Clearing Participant who violates the Clearing Rules or upon recommendation of the Clearing Participant acting as the Seller or by any other means as determined in the Contract of each Commodity, Clearing Rules, Clearing House Decrees, or the Prevailing Laws.
2. Any Clearing Participant whose participation has been revoked by the Clearing House cannot reactivate its participation without recommendation of the Clearing Participant being the Seller or by any other means as defined in the Contract of each Commodity, Clearing Rules, Clearing House Decrees, or the Prevailing Laws.

CHAPTER XI
DISPUTE SETTLEMENT

1. The Clearing House shall cooperate with the Exchange or the trading place of the Physical Market Contract in the dispute settlement relating to the Physical Market Contract.
2. The provisions of dispute settlement on the Physical Market shall be subject to any dispute settlement provisions as referred to in Chapter XII Part I of the Clearing Rules.
3. For the purpose of Chapter XI Part IV of these Clearing Rules, the provisions of dispute settlement in Chapter XII Part I of the Clearing Rules applicable to Clearing Members shall apply *mutatis mutandis* to Clearing Participants.

CHAPTER XII
EMERGENCY SITUATION AND FORCE MAJEURE

1. The Clearing House shall cooperate with the Exchange or the trading place of the Physical Market Contract in the taking of actions relating to the Emergency Situation and Force Majeure.
2. Provisions of Emergency Situation and Force Majeure on the Physical Market shall be subject to any provisions of Emergency Situation and Force Majeure as referred to in Chapter XIII Part I of the Clearing Rules.
3. For the purpose of Chapter XII Part IV of these Clearing Rules, the provisions of Emergency Situation and Force Majeure in Chapter XIII Part I of the Clearing Rules applicable to Clearing Members shall apply similarly to Clearing Participants.