PART III

ALTERNATIVE TRADING SYSTEM
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CHAPTER I
DEFINITIONS AND GENERAL PROVISIONS

100. DEFINITIONS
1. Unless the context requires otherwise, these capitalized terms in these Part III shall have the following meanings:

**Alternative Trading System**
hereinafter referred to as SPA, is a trading system related to the sale and purchase of Derivatives Contract, other than Future Contract and Shariah Derivative Contract, to be conducted outside the Exchange, bilaterally with Margin call that registered to the Clearing House.

**Alternative Trading System Operator**
hereinafter referred to as SPA Operator, is a Futures Trader who is an Exchange Member and also Clearing Member who still fulfill and has fulfilled the requirements determined by CoFTRA in conducting sale and purchase of Derivatives Contracts other than Future Contract and Shariah Derivatives Contracts, for and on behalf of itself in SPA, and has entered into cooperation agreement with at least 1 (one) Future Broker of Clearing Member.

**Alternative Trading System Participant**
hereinafter referred to as SPA Participant, is a Futures Brokers of Exchange Member who is also a Clearing Member who is conducting sale and purchase of Derivatives Contracts other than Futures Contracts and Shariah Derivative Contracts on behalf of Customer Order in SPA.

**Alternative Trading System Customer**
hereinafter referred to as SPA Customer, is a Party who conducting sale and purchase of Derivatives Contract through an account managed by SPA Participant.

**Derivatives Contract except Futures Contract and Shariah Derivatives Contract**
hereinafter referred to as SPA Contract, is contracts traded outside the Exchange.

**Trading System in Alternative Trading System Transaction**
hereinafter referred to as System, is electronic trading system used by SPA Operator with SPA Customer via on-line and real-time, at least consisting of quote system, transaction system and reporting system.

**Quotation**
is offering price for purchase and offering price for selling distributed by the Exchange Member during trading hours.

**Central Surveillance System (CSS)**
is an electronic surveillance system provided by the Exchange and Future Clearing House to receive reporting and registration of SPA transactions from SPA Operator and SPA Participant intended for market integrity and financial integrity in the implementation of SPA.

**Trading Rules of Alternative Trading System**
hereinafter referred to as Trading Rules is rules governing transaction procedures in the field of Alternative Trading System which has been approved by the Head of COFTRA.

**Cooperation Agreement**
is a legal relationship between SPA Operator and SPA Organizer for SPA implementation.
2. Any terms in capital letters which has not been mentioned in the definition of Part III refers to the terms set out in Chapter I of Part I of the Exchange Rules.

101. GENERAL PROVISIONS
1. In the implementation of SPA, the Exchange in charged with:
   a. supervising SPA Operator and SPA Participant;
   b. periodically and at any time conduct an audit against SPA Operator and SPA Participant;
   c. direct supervision on the System owned by the SPA Operator;
   d. summon SPA Operator and SPA Participant regarding the supervision and audit;
   e. request any required documents from SPA Participant and/or SPA Operator for audit purposes;
   f. in certain cases, may appoint an independent auditor to conduct a special audit of SPA Operator and SPA Participant and the costs incurred from special audit shall be borne by SPA Operator and SPA Participant.

2. Other general provisions as provided in Chapter I of Part I of the Exchange Rule shall also apply to Part III of this Exchange Rule.
CHAPTER II
MEMBERSHIP

200. GENERAL PROVISIONS
1. Membership classification in SPA, as follows:
   a. SPA Operator; and
   b. SPA Participant.

2. SPA Operator shall comply with the requirements of the Exchange Member being as Futures Trader as specified in Chapter II Part I of the Exchange Rules and the Prevailing Laws.

3. Foreign investment is closed for SPA Operator activities.

4. SPA Participant shall comply with the requirements of the Futures Broker who is an Exchange Member as specified in Chapter II Part I of the Exchange Rules and the Prevailing Laws.

5. Any provisions related to membership of the Exchange Member as specified in Chapter II of Part I of the Exchange Rules shall be deemed to be a part of the membership provisions in Chapter II Part III of the Exchange Rules.

201. COOPERATION PROVISIONS
1. SPA Operator and SPA Participant shall cooperate as specified in Prevailing Laws.

2. Cooperation as referred to in provision 1 above is proved by the existence of Cooperation Agreement to be reviewed by the Exchange in accordance with applicable cooperation standards.

3. Cooperation Agreement between SPA Operator and SPA Participant shall at least contains the following matters:
   a. rights and Obligations of SPA Operator and SPA Participants;
   b. equal treatment from SPA Operator to each of SPA Trader in terms of access, spread and incentives;
   c. procedure of termination of the agreement between SPA Operator and SPA Participant;
   d. dispute resolution mechanism in accordance with Prevailing Laws.

4. Notwithstanding the Exchange review as stipulated in item 2 above, the Cooperation Agreement shall be the liability of SPA Operator and SPA Participant. The Exchange shall not be liable for the absence of a clause in the Cooperation Agreement resulting in non-approval of COFTRA and/or Violation of the Exchange Rule, Exchange Decree, SPA Contracts as well as the Prevailing Laws.
CHAPTER III
MANAGEMENT

1. The management of Exchange which oversees the SPA activities is part of the Exchange organizational structure as referred to in Chapter III Part I of the Exchange Rules.

2. The SPA Committee is a part of the Exchange Committee therefore subject to the provisions of the Exchange Committee as referred to in Chapter III Part I of the Exchange Rules and the Exchange Decree.

CHAPTER IV
TRADING SYSTEM AND TRADING MECHANISM

400. TRADING SYSTEM

1. SPA Operator shall provide System which can be used by SPA Participants to meet the needs of SPA Customer in conducting SPA transactions.

2. The communication between SPA Participants with SPA Customer can be conducted via online through System and/or by phone. In the event the Customer conveys the Order by phone, Customer’s instruction shall be recorded by SPA Participant.

3. The System shall fulfill the equal treatment principle for each of SPA Participants and SPA Customers.

4. The System shall not discriminate price quotation based on Customer’s position.

5. The System shall provide quotation with maximum spread as specified in Trading System approved by CoFTRA.

6. At each of quotations, the System shall be able to receive Customer Order at least equal to a certain amount (lot) as specified in Trading System.

7. The System shall be able to:
   a. ensure the adequacy of Margin for both the Customer’s position and SPA Operator’s position prior to the transaction;
   b. decline Customer Order which is not supported by the adequacy of Margin; and
   c. issue an early warning to the Exchange regarding the Margin shortfall of SPA Operator.

8. The System shall provide back office function which can be accessed by the Exchange officer either through internet or private network. The back office function shall ensure the Exchange officer is able to monitor all transactions activities by SPA Operator as follows:
   a. Position of individual Customer;
   b. Position of SPA Operator;
   c. Price quotation given to Customer;
   d. Price quotations derived from vendor’s data;
   e. set up parameter in relation with price quotation;
   f. granting access to all SPA Participants.

9. The System shall provide transmission function of transaction data to the Exchange in real time. The data transmission shall follow the data exchange protocol set by the Exchange.

10. Any changes of the System shall be subjected to prior inspection/audit of SPA management system by the Exchange. Upon the execution of the inspection/audit, the Exchange provides recommendations of the audited System. The Exchange shall report any recommendations of the inspection/audit to COFTRA.
401. **SYSTEM AUDIT**

1. The Exchange Officer shall audit the System prior to the System operation, any changes of the System and at any time when required, along with the results shall be reported to CoFTRA.

2. In examining certain cases, the Exchange may appoint an independent auditor or other competent party to audit the System. The audit fees shall be borne by SPA Operator.

3. Any fees incurred by the Exchange related to the System audit shall be borne by SPA Broker. SPA Broker shall settle the audit system invoice submitted by the Exchange no later than 14 (fourteen) days after receiving the invoice in the account determined by the Exchange.

4. The System shall enable in conducting the audit by keeping all of transaction data for at least 5 (five) years including the last 2 (two) years in the System.

402. **SPA CONTRACT**

1. Each of SPA Operator and/or SPA Participant may submit new proposals or changes of SPA Contract to the Exchange.

2. The Exchange shall conduct an assessment of new proposals or changes of SPA Contract as referred to in item 1 above prior the approval is submitted to CoFTRA.

3. The SPA Contract may only be traded after CoFTRA issues an approval letter.

403. **TRADING RULES**

1. SPA Operator shall make Trading Rules to regulate SPA trading mechanism used by SPA Participants and their Customers.

2. SPA Participants in cooperation with SPA Operator shall establish Trading Rules in accordance with the provisions of Trading Rules of SPA Operator.

3. Trading Rules is an integral part of:
   a. terms of Customer’s opening account;
   b. customer agreement signed by Customer and Futures Broker Representative of SPA Participant; and
   c. notification of risk document.

4. Trading Rules as mentioned above, at least regulate the following matters:
   a. maximum lot for every Order that SPA Operator can fulfill, with the maximum lot requirement at most 50 (fifty) lots;
   b. price source and quotation formula;
   c. maximum spread between bid and offer which offered by SPA Operator both in normal and hectic market condition;
   d. quantitative limitations of hectic condition;
   e. risk Management includes arrangements on the amount of Margin Deposit, Maintenance Margin, Variation Margin, authority to liquidate;
   f. types of Order that can be rendered;
   g. automatic position extension facility (if any) and fees incurred from the facility;
h. delay at most 4 (four) seconds that may occur in the system for processing Customer’s order since the order is received until the order is responded by SPA Operator’s system, in terms of the transaction execution method chosen by the Customer is instant execution;

i. prohibition of split order for every 1 (one) time transaction click done by Customer;

j. prohibition of reject by SPA Operator on Customer’s order other than reject on order which has exceeded maximum lot;

k. indicating transaction execution method which may be chosen by the Customers, including:
   i. instant execution method, with the following matters:
      a) the execution time at most 4 (four) seconds since order is received until the order is responded by SPA Operator’s trading system;
      b) there may be requote;
      c) prices are determined by SPA Operator.

ii. market execution method, with the following matters:
   a) the execution time shall be no longer than 1 (one) second since order is received until order is responded by SPA Operator’s system;
   b) no requote; and
   c) prices that occur is in accordance with market prices and within a reasonable range.

l. provisions governing requote for the instant execution method may occur if the quote price granted by the SPA Operator is not the same as requested by the Customer, under the following condition:
   i. SPA Operator may only requote on the basis of reference price and pricing formula which has already been included in Trading Rules; and
   ii. SPA Operator shall give options to Customer to make setting in Customer trading system, with option of:
      a) Customer agrees with the setting made by previous SPA Operator; or
      b) Customer agrees with the of the quoted price in accordance with the SPA Operator’s quote.

m. appointment of an Exchange as a place for reporting transactions and a Clearing House as a place for registering transaction; and

n. trading hours for each traded contracts.

5. Trading Rules which have been made by SPA Operator and SPA Participant, along with every changes shall be submitted to the Exchange to obtain recommendation prior obtaining CoFTRA’s approval and being applied in SPA trading.

404. REQUIREMENTS OF REPORTING TRANSACTIONS

1. SPA Operator and SPA Participant shall become Exchange Member and must obtain approval from CoFTRA to be able to report SPA Transactions.

2. CoFTRA’s approval as specified in provision 1 above may be issued if the Exchange has recommended SPA Operator or SPA Participant that has previously fulfilled administrative requirements set by either the Exchange or Clearing House.

3. SPA Operator and SPA Participant shall have real time connection on the System.
405. **REFUSAL OF REPORT**

1. The Exchange has the right to refuse the reported transaction due to the conditions, including but not limited, as follows:
   a. does not meet the adequacy of the Margin or the required Guarantee;
   b. the reported transaction price is unreasonable (beyond the price range set by the Exchange);
   c. outside the SPA reporting transaction hour, adjusted with SPA Trading Hours;
   d. outside SPA Trading Day; and
   e. SPA Contract is unlisted in the Exchange.

2. If reporting is refused as specified in item 1 letter c and d above, SPA Participant shall report on prevailing Trading Day and Hours at the Exchange.

406. **REGISTRATION AND ANNOUNCEMENT**

1. All of SPA transactions that occur through the System and have been reported to the Exchange shall be forwarded electronically to the Clearing House for registration at the Clearing House.

2. SPA transaction settlement price shall follow the terms of the settlement price of each SPA products which has been approved by CoFTRA.

3. The Report of SPA transactions which has been received by the Exchange shall be announced through CITRA (Clearing Info for Trade).

407. **SUPERVISION AND AUDIT**

1. The Exchange and/or Clearing House are authorized to supervise SPA Operator and SPA Participant.

2. The Exchange and/or Clearing House are authorized periodically and at any time to audit SPA Operator and SPA Participant.

3. The Exchange and/or Clearing House are authorized to conduct direct supervision to the System owned by SPA Operator.

4. The Exchange and/or Clearing House are authorized to summon SPA Operator and SPA Participant related to supervision and audit.

5. SPA Operator and SPA Participant shall submit any required documents at any time upon request by the Exchange auditor.

6. In examining certain cases, the Exchange may appoint an independent auditor to conduct special audit on SPA Operator and SPA Participant and the fee incurred from special audit shall be borne by SPA Operator and SPA Participant.
CHAPTER V
RIGHTS AND OBLIGATIONS

500. SPA OPERATOR
In addition to the provisions of the rights and obligation of Futures Trader of Exchange Member in Chapter VI Part I of the Exchange Rules, each of SPA Operator shall be entitled to the following:
1. SPA Operator shall not reject SPA Participant candidate as long as such Participant can fulfill the specified conditions;
2. Report all of SPA transactions to the Exchange;
3. Report to the Exchange for any changes to the cooperation with SPA Participant;
4. Fulfill financial obligation arising from SPA transaction activities;
5. Provide continuous price Quotation of SPA Contract during Trading Hours;
6. SPA Operator is prohibited from using System other than the one that has been approved by CoFTRA;
7. SPA Operator is prohibited to change the SPA Contract code which has been approved by CoFTRA;
8. SPA Operator is prohibited from manipulating SPA transactions including but not limited to dummy;
9. Provide System for conducting SPA transactions; and
10. Register transaction electronically to the Futures Clearing House after submitting report to the Exchange.

501. SPA PARTICIPANT
In addition to the provisions of the rights and obligations of Futures Brokers of Exchange Members in Chapter VI Part I of the Exchange Rules, each of SPA Participant shall be entitled to the following:
1. SPA Participant shall report all SPA transactions to the Exchange and register to the Clearing House;
2. Report to the Exchange for any changes to the contents of the Cooperation Agreement with SPA Operator;
3. Fulfill financial obligation arising from SPA transaction activities;
4. SPA Participant is prohibited from using System other than the one that has been approved by COFTRA;
5. SPA Participant is prohibited from being counter party to their Customers in a transaction, either directly or indirectly;
6. SPA Participant is entitled to obtain facilities of the System provided by SPA Operator to conduct SPA trading;
7. SPA Participant shall register SPA transactions electronically to the Clearing House after reporting transactions to the Exchange pursuant to the Exchange Rules.
502. OTHER PROVISIONS

The provisions of the rights and obligations in Chapter IV Part I of the Exchange Regulations which are applicable to:

a. Futures Traders of Exchange Member shall apply to SPA Operator;

b. Futures Broker of Exchange Member shall apply to SPA Participant.
CHAPTER VI
RULES ENFORCEMENT

PART VII
COMPLAINT HANDLING MANAGEMENT

Procedures and provisions related to Complaint Handling Management in SPA shall refer to the rules set forth in Part VIII Section I of the Exchange.
CHAPTER VIII
VIOLATIONS AND SANCTIONS

1. For any Violation of the provisions in Part III of the Exchange Rules, the Exchange has the authority to:
   a. issue written warning;
   b. impose administrative penalty in an amount determined by the Exchange; and/or
   c. suspend or revoke the Exchange membership.

2. Any Violation or negligent related to SPA is subjected to Chapter IX Part I of the Exchange Rules, Exchange Decree and Prevailing Laws including but not limited to the use of authority and the imposition of sanctions related to the Violation.

3. Sanction or penalty imposed by the Exchange to the Exchange Members shall be final and binding.
CHAPTER IX
DISPUTE SETTLEMENT

Procedure and provisions of dispute settlement in SPA transactions shall refer to the rules set forth in Chapter X Part I of the Exchange Regulations.
PART X
EMERGENCY SITUATIONS AND FORCE MAJEURE