

BANK INDONESIA SETS A NEW LIMIT FOR PURCHASING FOREIGN CURRENCY (US\$)

In an attempt to assist the stabilization of the Indonesian currency, Bank Indonesia (**BI**) changed the limit of the maximum value of foreign currency (US\$) purchased through a spot transaction which is done without a specific purpose (underlying documents), from US\$ 100,000 per month for each customer/foreign party to US\$ 25,000 or equivalent per month for each customer. This new limit is set out under Bank Indonesia Regulation No. 17/13/PBI/2015 on the Second Amendment to Bank Indonesia Regulation No. 16/16/PBI/2014 on Foreign Currency Against Rupiah Transactions Between Banks and Domestic Parties.

Meanwhile, if derivative transactions are being used, then purchases are capped at US\$100,000 or its equivalent per customer per month. Furthermore, if a customer is engaging in forward or option transactions, then the threshold is set at US\$1 million or its equivalent per customer per transaction.

Bank Indonesia requires a bank in Indonesia to obtain from its customers, the following documents if they wish to purchase US\$ against Rupiah and the total amount will exceed the new threshold set out above:

1. a copy of the underlying document (such as the Facility Agreement);
2. a copy of the customer's identity document and Tax Registration Code; and
3. a statement from the bank's customer stating (a) the originality and validity of the underlying document and that the foreign currency will only be used to settle the payment obligations under the underlying documents or (b) the required amount, purpose, and date of use of the foreign currency, if the underlying document is still in the draft form.

The requirement to provide the underlying documents can also be waived for spot and/or derivative transactions, provided that they are performed by:

1. roll over transactions, if the roll over period is equal to or less than the period of the initial underlying transaction document;
2. early termination; or
3. unwind (*pengakhiran transaksi*).

Failure by the customer to provide the above documents to the bank(s) in Indonesia may cause the customer to be unable to purchase foreign currency from the relevant banks. The relevant banks will also be subject to administrative sanctions from Bank Indonesia for any violations of this regulation.