

Definition of Domestic Non Delivery Forward (DNDF)

Non-deliverable forwards (NDF) are a cash-settled and usually short-term forward contract. The notional amount is never exchanged, hence the name "non-deliverable." Two parties agree to take opposite sides of a transaction for a set amount of money at a contracted rate. The profit or loss is calculated on the notional amount of the agreement by taking the difference between the agreed upon rate and the spot rate 2 business day prior to the settlement date.

Indonesia Domestic Non Delivery Forward (DNDF) is over the counter (OTC) market where participants transact with bilateral counterparty. DNDF will be settled in Indonesia Rupiah (IDR) and the spot rate reference used for calculating the profit or loss 2 business day prior to the settlement date is JISDOR.

Please refer to the following page on the details definition and historical price of JISDOR: <https://www.bi.go.id/id/moneter/informasi-kurs/referensi-jisdor/Default.aspx>.

Please refer to Indonesia Business Day Market Convention published in IFEMC website for specific business day adopted by DNDF.

Quotation and Dealing

Quotation will be provided based on forward rate. A two-way pricing is predominantly on an interbank market or based on reciprocal basis; in general counterparties may indicate their side.

The interbank price will be quoted for period of 1Month, 2Months, 3Months, 6Months and 1Year.

Broker Convention

Where a DNDF price has been hit (dealt) through a broker, the broker will pass the name of the potential counterparty to the price maker as soon as possible. These deals are binding subject to credit checks.

Generally accepted market dealing parcel if no dealing amount has been stated is USD 1 Million.

Confirmation

All transactions must be confirmed as soon as possible or not later than two hours of the transaction being executed and for these confirmation to be matched.

Payment Netting Confirmation

The bank will contact the counterparty not later than EOD of the fixing date to confirm the amount to be remitted by either party. The bank will transmit payment netting confirmation which will detail the individual deals maturing on the day which constituted the net result.