Summary of Kep Direksi BEI 7/2025 - Unveiling Three New Incentive Options for Stock Liquidity Providers

Earlier in April 2025, the Board of Directors of PT Bursa Efek Indonesia ("**BEI**") introduced Rule No. II-Q ("**Rule II-Q**") on the Activities of Stock Liquidity Providers ("**LP**") at the Stock Exchange as the Appendix to Decree of the Board of Directors of BEI No. KEP-00003/BEI/04-2025 ("**Decree 3/2025**"). The various provisions set out under Rule II-Q that specifically address LP include the authority of the BEI to stipulate policies relating to transaction fees that have to be settled by LP in relation to their activities.

In order to provide a further elaboration of this authority, as well as to encourage more members of the stock exchange ("**Members**") to participate as LP, BEI has now decided to introduce a new policy on applicable fees and incentives for LP through the issuance of Decree of the Board of Directors of BEI No. KEP-00007/BEI/05-2025 ("**Decree 7/2025**"), which has been in force since 8 May 2025. In essence, Decree 7/2025 introduces three specific types of incentive options that may be granted to LP by BEI in relation to securities transactions that are quoted by LP through the regular market.

This edition provides an overview of the key provisions that have now been introduced under the framework of Decree 7/2025 with a specific focus on the following areas:

1. Incentive Options; and
2. General Requirements for LP.

Incentive Options

At its core, the applicable transaction fees that have to be paid by Members who simultaneously act as LP (excluding clearing and settlement fees) will continue to adhere to the fees outlined under Rule No. II-A on Equity Securities Trade as the Appendix to Decree of the Board of Directors of BEI No. KEP-00003/BEI/04-2025. However, Decree 7/2025 stipulates various BEI incentive amounts for each completed LP transaction that relates to share quotations. These incentives comprise three options that break down as follows:

Available Incentive Option	Remarks
Option 1	Encompasses a reduction in share transaction fees for LP who select at least one share from

	the LP securities list in each period to be quoted.
Option 2	Incentives will be provided in the form of transaction fee reductions and additional incentives for LP that select at least 10 shares from the LP securities list.
	LP may only choose one incentive package for every 10 shares.
	LPs are entitled to enjoy an additional incentive in the form of Rp. 20 million monthly reductions in their transaction fee bills.
	In the event that the total fee reduction and additional incentives exceed the relevant billing amount, then the following conditions will apply in relation to the excess amount: 1. Will not be paid to the LP; 2. Cannot be used to reduce the billing amount for the following month; and 3. Cannot be converted into any other form of compensation.
Option 3	A facility will be provided for the listing of shares from the LP incentive securities list to any LP that select at least 10 shares from the LP securities list to be quoted during each period.
	LP may select up to two incentive packages, with each being applicable to every 10 shares.
	When selecting the quotation facility for stocks that are listed on the LP incentive securities list, LP may select a maximum of two shares from Group 1 or five shares from Group 2.

In addition, the transaction fee reduction has been set at 0.018% of the value of each transaction that is quoted by LP through the regular market and that utilizes a special user ID that is provided by BEI. It should also be noted that calculations of transaction fee reductions and additional incentives will be carried out on the last trading day of each month and will be used to reduce the transaction fee billing for the periods in which transactions occur. In this regard, Decree 7/2025 also stipulates that transaction fee reductions and additional incentives will only be granted if an LP fulfills the quotation obligations for their selected shares throughout one full month. However, in the event that an LP fails to fully meet this obligation over the course of a month, then the transaction fee reduction and additional incentives will be granted on a proportional basis.

General Requirements for LP

Pursuant to Decree 7/2025, LP are also required to submit share information in accordance with the selected incentive option via official BEI forms during the incentive option selection period. Said incentive option selections can be submitted together with a quotation request or at least five trading days prior to the end of the relevant month.

In the event that a request is made for an adjustment to be made to an incentive option, then said option adjustment will take effect at the beginning of the following month. Additionally, the granting of incentives until the end of the evaluation period will be based on the most recent incentive option selected by the LP, while any shares that have already been selected under one incentive option may not be reused in relation to any other.

Key Takeaways

Through the introduction of Decree 7/2025, it is hoped that the number of Members who choose to participate as LP will increase. However, it should be noted that this transaction fee and incentive policy only applies to securities transactions that are quoted by LP through the regular market. The LP incentive application form can be found under the Appendix to Decree 7/2025.