

Risk Management Policy

Purpose and scope

Risk is an inherent part of PT Morgan Stanley Sekuritas Indonesia (“PTMSSI”)’s business activities. Indonesia Risk Management Policy is in place to identify, measure, monitor, advise and control the principal risks involved in the activities of PTMSSI businesses and includes market, credit, operational, liquidity, model, compliance, reputation, and strategic risk. Risk is independently assessed and monitored to help ensure the effectiveness and consistency across Business Units.

Risk Management Culture.

PTMSSI’s Risk Management Culture is rooted in five key principles: integrity, comprehensiveness, independence, accountability, and transparency. This culture is implemented through the Firm’s Global Enterprise Risk Management Framework and multiple lines of defense.

Responsibilities

Key PTMSSI Risk Management Function:

- Management of Trading and Clearing Limits including System Limit Controls and KPEI Trading Limits as part of overseeing all market risk exposure arising from PTMSSI’s business activities by identifying and defining market risks, developing and employing risk measures and tools to monitor and control those risks, establishing limits, monitoring usage against these limits
- oversees and monitors liquidity and funding risk thorough the year; identifies and analyzes emerging liquidity and funding risks to ensure such risks are appropriately mitigated; monitors and reports risk exposures against metrics and limits
- Verification of the Client Account Opening process including the Verification and Approval of accounts
- Verifying the receipt and execution of the funds representation letter for account opening
- Monitoring of Employee Trading including the Approval of employee trades and maintaining controls around this process
- Monitor and Enforce Best Execution and Fair Allocation for our clients
- Propose and arrange the Risk Management Policy and Procedure to Board of Directors.
- Providing Periodic Report on PTMSSI’s risk activities to the Board of Directors and escalation to any Risk incidents requiring the attention from the Board.

Governance Structure

Risk Management function will ensure that there is an appropriate Supervisory Framework for PTMSSI. This framework includes supervision by the Board of Directors of PTMSSI; delegation of authority; division of duties; and an internal supervision system which includes independent assurance and consulting activities to be carried out by Compliance function.