

To:

1. Board of Directors of The Securities Investor Protection Fund Provider;
2. Board of Directors of Securities Company;
3. Board of Directors of Custodian Bank;
4. Board of Directors of Indonesia Stock Exchange ;
5. Board of Directors of Indonesia Securities Clearing and Guarantee; dan
6. Board of Directors of Indonesia Central Securities Depository

DUPLICATE OF  
FINANCIAL SERVICES AUTHORITY CIRCULAR LETTER  
NUMBER 18/SEOJK.04/2013  
CONCERNING  
FINANCIAL SERVICES AUTHORITY WRITTEN STATEMENT CRITERIA AND  
PROCEDURES FOR DETERMINING THE VALUE OF THE LOST INVESTOR ASSETS  
TO EXERCISE THE INVESTOR PROTECTION FUND

Related to Rule Number VI.A.4 concerning Investor Protection Fund, Attachment of the CMFISA Chairman Decision Number Kep-715/BL/2012 dated 28 December 2012, provision number 18 and 20, and with regard to Law Number 21 of 2011 concerning Financial Services Authority, Article 70, it is deemed necessary to regulate Financial Services Authority written statement criteria and procedures for determining the value of the lost investor asset to exercise the Investor Protection Fund in the Financial Services Authority circular letter as the following:

I. GENERAL PROVISIONS

1. In this Financial Services Authority Circular Letter, the following terminology applies:
  - a. Financial Services Authority, hereinafter referred to as FSA, is the Financial Services Authority as referred in Law Number 21 Year 2011 concerning Financial Services Authority.
  - b. Written Statement is a letter issued by FSA to the Investor Protection Fund Provider stating that :
    - 1) there is a loss of Investor Asset;
    - 2) Custodian is unable to return the Investor Asset that has been lost;and

- 3) Custodian which is a Broker-Dealer who administers client Securities account, is unable to continue its business activities and its business license is considered to be revoked by FSA; or
  - 4) Custodian Bank is unable to continue its business activities as a Custodian Bank and its Commercial Bank approval as a Custodian is considered to be cancelled by FSA.
- c. Investor Asset is Securities or other asset related to the Securities and/or funds owned by the Investor deposited in the Custodian.
  - d. Investor Protection Fund is a pool of funds established to protect the Investor from the loss of Investor Asset.
  - e. Investor is a client of a Broker Dealer which administers client Securities account and a client of a Custodian Bank.
  - f. Investor Protection Fund Provider, hereinafter referred to as IPFP, is a Limited Liability Company which has a license from FSA to administer and manage the Investor Protection Fund.
2. Investor claim handling by IPFP is conducted after the issuance of the written statement by the FSA.
  3. Provision concerning the issuance procedures of the Written Statement is stipulated in the FSA Board of Commissioners Circular Letter.

## II. WRITTEN STATEMENT CRITERIA

1. Written Statement criteria is criteria for the Written Statement elements as referred to in Rule Number VI.A.4, provision number 17.a which must be fulfilled in issuing a Written Statement.
2. Criteria for the loss of Investor Asset are:
  - a. Investor Securities recorded in Securities Sub Account in the Central Securities Depository is in different type and/or in smaller amount than the type and/or amount that should have been owned by the Investor; and/or
  - b. Investor fund recorded in the Client Fund Account at the bank is less than it should have been owned by the Investor.
3. Whether or not the criteria as referred to in number 2 have been fulfilled shall be based on the examination result supported by the available evidence, including but not limited to :
  - a. Securities account report and confirmation sent by the Custodian to the Investor;

- b. Custodian books and records, with provisions that :
    - 1) the Custodian books and records shall be in the form as stipulated in FSA Rule; and
    - 2) the Custodian books and records shall be supported by internal control system as stipulated in FSA Rule;
  - c. Investor books and records;
  - d. recorded conversation between Custodian representatives and the Investor;
  - e. Issuer official statement and announcement;
  - f. records and documents of other Custodian, the Central Securities Depository, the Clearing and Guarantee Institution, and the Stock Exchange;
  - g. records of Bank account; and/or
  - h. testimony of particular Parties.
4. Criteria for the Custodian inability to return the lost Investor Asset are :
- a. financial condition of the Custodian is unable to fulfill its obligation to return the Investor Asset; or
  - b. financial condition of the Custodian is unable to fulfill its obligation to return the Investor Asset and the Custodian is unable to meet its commitment to return the lost Investor Asset.
5. Criteria for a Custodian which is a Broker-Dealer who administers client Securities account to be declared unable to continue its business activities and its business license has been considered to be revoked by FSA is a condition in which, based on the FSA supervision results, the Custodian is unable to carry out its function and its business license should and deserve to be revoked.
6. Criteria for a Custodian Bank to be declared unable to continue its business activities and its Commercial Bank approval as a Custodian is considered to be cancelled by FSA is a condition in which, based on the FSA supervision results, the Custodian Bank is unable to carry out its function and its approval should and deserve to be cancelled.

### III. PROCEDURES FOR DETERMINING THE VALUE OF THE LOST INVESTOR ASSETS

- 1. Claim verification team established by the IPFP must determine the value of the lost Investor Assets to be reported to claim committee.

2. The claim verification team determines the value of the lost Investor Assets based on the following:
  - a. If the lost Investor Assets is in the form of Securities, the determination of Investor Asset value are:
    - 1) If the Securities are Equity Securities and/or other Securities listed on Stock Exchange other than Debt Securities and/or sukuk, and such Securities are transacted within the last 6 (six) month prior to the issuance date of the Written Statement, its value is determined by multiplying the number of the lost Securities by its average closing price on the Exchange day within the above period.
    - 2) If the Securities as referred to in number 1) are not transacted within the last 6 (six) month prior to the issuance date of the Written Statement, its value is determined based on the calculation method of the Securities fair value determined by IPFP.
    - 3) If the Securities are Debt Securities and/or sukuk and Bond Pricing Agency issues such Securities fair value, its value is determined by multiplying the number of the lost Securities by its average fair value determined by the Bond Pricing Agency within the last 6 (six) month prior to the issuance date of the Written Statement.
    - 4) If the fair value of the Securities as referred to in number 3) is not issued by Bond Pricing Agency, its value is the fair value determined by IPFP.
    - 5) If the lost Investor Asset is other than Securities as referred to in number 1) and number 3), its value is determined based on the calculation method of the Securities fair value determined by IPFP.
  - b. If the lost Investor Assets is in the form of fund, its value is the amount of lost fund.
3. Indemnity payment using the Investor Protection Fund can be exercised for the lost Investor Asset occurred since the Custodian become the Investor Protection Fund member.

#### IV. CLOSING

The provisions in this Financial Services Authority Circular Letter shall become effective since the date of its enactment.

To inform the public, it is ordered to publish this Financial Services Authority Circular Letter by placing it in the Official Gazette of the Republic of Indonesia.

Enacted in Jakarta

Dated on 31 December 2013

CHIEF EXECUTIVE OF CAPITAL  
MARKET SUPERVISOR

Signed

NURHAIDA

Duplicate based on the original  
Head of Legal Assistance Division  
Directorate of Legal,

signed

Mufli Asmawidjaja