

**ATTACHMENT :**

Decision of the Chairman of Capital  
Market and Financial Institution  
Supervisory Agency (CMFISA)

Number : Kep-11/BL/2006

Date : August 30, 2006

**RULE NUMBER V.B.4: CODE OF CONDUCT FOR INVESTMENT FUND  
SELLING AGENT**

1. An Investment Fund Selling Agent may only engage in the business of selling Investment Fund through an employee licensed as Securities Company Representative or Investment Fund Selling Agent Representative and the employee must obtain special assignment from Investment Fund Selling Agent to act for and on behalf of the Investment Fund Selling Agent.
2. The activity of Investment Fund Selling Agent must be based upon contract with Investment Fund Manager that contains items such as:
  - a. the obligation of Investment Fund Selling Agent to provide data regarding Investment Fund unit holders to Investment Manager and Custodian Bank with condition that all the data of Investment Fund unit holders may only be used for the interest of the Investment Fund activities;
  - b. period of the contract;
  - c. terms and condition of the contract termination including requirement to allow both parties to terminate the contract before the end of its period;
  - d. settlement of right and obligation of both parties if the agreement is terminated;
  - e. arrangement of commission and fees;
  - f. mechanism of posting information about identity of Investment Fund Selling Agent, Investment Manager, and Custodian Bank on confirmation document issued upon subscription or redemption order of Investment Fund from Investment Fund unit holder; and
  - g. mechanism of payment, transfer of funds, and mailing confirmation of the subscription or redemption of Investment Fund from Investment Fund unit holder.
3. An Investment Fund Selling Agent is responsible for all activities related to selling an Investment Fund conducted by its Securities Company Representative or Investment Fund Selling Agent Representative.
4. An Investment Fund Selling Agent must:
  - a. provide a prospectus issued by the Investment Manager to potential of Investment Fund unit holders;

- b. provide a brochure issued by the Investment Manager to potential Investment Fund unit holders that at least contains information such as investment policy, investment risks, costs, portfolio disclosure, and complete and most current performance report (no later than one month following any change that occurred);
- c. clearly inform potential Investment Fund unit holders that Investment Fund offered is in accordance with its prospectus and brochure issued by its Investment Manager and the information must at least contains:
  - 1) information that Investment Fund is a Capital Market product and not a product issued by the Investment Fund Selling Agent and that Investment Fund Selling Agent is not responsible for any lawsuit and management risk resulting from Investment Fund portfolio;
  - 2) type of Investment Fund and risks attached to the Investment Fund including the possibility of losing Investment value that will be suffered by Investment Fund unit holder due to the fluctuation of Net Asset Value in line with the market condition and underlying assets quality;
  - 3) Investment Policy and portfolio composition;
  - 4) Costs derived from investment activity of the fund;
  - 5) Information about Investment Manager and Custodian Bank of the Investment Fund;
  - 6) Information stipulating that confirmation letter will be issued by Custodian Bank; and
  - 7) Information that confirmation from Custodian Bank is the legal proof of owning the Investment Fund.
- d. ensure that potential Investment Fund unit holder read the prospectus or other important information before taking investment decision;
- e. keep Investment Fund transaction confidential, except to Custodian Bank and other authorized Party as mentioned in Capital Market Law;
- f. give priority to the interest and suitability with the source of fund and financial means of the potential Investment Fund unit holder when offering Investment Fund;
- g. have sufficient resources to support Investment Manager in providing excellent services to Investment Fund unit holder, and ensure that activities such as transferring application form or data and payment to Investment Manager or Custodian Bank and submitting account report of Investment Fund holder and payment to the Investment Fund unit holder are conducted within a period stated in prospectus and Capital Market and Financial Institution Supervisory Agency (CMFISA)'s rule;
- h. require potential Investment Fund unit holder to fill investor profile form containing data and information about risk profile of potential

- Investment Fund unit holder before deciding to subscribe to an Investment Fund for the first time;
- i. apply know your client principle referred to in Rule Number V.D.10 concerning “Know Your Client Principle”; and
  - j. submit a monthly report to CMFISA about hiring, firing, and mutation of employee licensed as a Securities Company Representative or an Investment Fund Selling Agent Representative (if any) using Form Number V.B.4-1 attachment 1 of this rule no later than the 12th day of the following month in digital format whose detail arrangement will be further regulated by CMFISA.
5. An Investment Fund Selling Agent is prohibited from:
- a. issuing a confirmation letter regarding subscription and redemption conducted by Investment Fund unit holder;
  - b. selling an Investment Fund owned by an Investment Fund unit holder without obtaining permission or instruction from the Investment Fund unit holder;
  - c. giving incorrect explanation (*misrepresentation*) and exaggerating an Investment Fund;
  - d. determining or promising a return on an investment, unless explicitly stated in prospectus;
  - e. recommending unsuitable Investment Fund that does not match investment profile of a potential unit holder or advising to engage in an enormous Investment Fund transaction in order to gain more commission;
  - f. producing a negative statement about an Investment Manager or an Investment Fund;
  - g. making additional commission or incentive as basis to recommend an Investment Fund to potential Investment Fund unit holder; and or
  - h. providing a discount on commission or gratification to potential Investment Fund unit holder.
6. In the case where an Investment Fund Selling Agent is also conducting activity as a Custodian Bank, the Investment Fund Selling Agent must apply a reliable internal control system that includes:
- a. principles of segregation of duties, among other things separation of the executive and staff of Bank conducting Custodian Bank function and those conducting Investment Fund Selling Agent function, and or segregation of department unit, executive, and staff of Bank conducting Custodian Bank function and those conducting Investment Fund Selling Agent function;
  - b. periodical and continuous evaluation of the activity as Custodian Bank and Investment Fund Selling Agent; and
  - c. effort and action performed to correct misappropriation.

7. By no means undermining criminal stipulation in capital market, CMFISA may impose sanctions on any violations of this rule, as well as on any Person that causes violation to occur.

Enacted : Jakarta

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Date : August 30, 2006

Chairman of Capital Market and  
Financial Institution Supervisory Agency

Signed

**A. Fuad Rahmany**

NIP. 060063058

Based on the original documents  
Executive Secretary

Signed

**Abraham Bastari**

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