

**MINISTRY OF FINANCE OF THE REPUBLIC OF INDONESIA
CAPITAL MARKET AND FINANCIAL INSTITUTIONS SUPERVISORY
AGENCY**

DUPLICATE OF

**DECISION OF THE CHAIRMAN OF CAPITAL MARKET
AND FINANCIAL INSTITUTIONS SUPERVISORY AGENCY**

NUMBER: KEP - 106/BL/2008

CONCERNING

SECURITIES EXCHANGES COMMISSIONERS

**CHAIRPERSON OF THE CAPITAL MARKET AND FINANCIAL
INSTITUTIONS SUPERVISORY AGENCY,**

- Considering :
- a. that in order to make a save and sound and has the competitive global power of the Securities Exchanges, it is needed the supervisor that have a high competent and integrity and fulfilled the requirements as stipulated in the regulations.
 - b. that by looking the consideration on the above, it is deemed necessary to make a perfect of this rule by amended the requirements, procedures for nominating and proposing of the Securities Exchanges commissioners by enacting a new Chairperson Decision of Bapepam & LK.
- In view of :
1. Law Number 8 year 1995 concerning the Capital Market (Statute Book year 1995 number 64, Supplement to the Statute Book Number 3608);
 2. Government Regulation Number 45 year 1995 concerning Capital Market Organization (Statute Book Year 1995 Number 86, Supplement to Statute Book Number 3617) as revised by Government Regulation Number 12 year 2004 (Statute Book Year 2004 Number 27, Supplement to Statute Book Number 4372);
 3. Government Regulation Number 46 year 1995 concerning Capital Market Formal Investigative Procedures (Statute Book year 1995 Number 87, Supplement to Statute Book Number 3618);
 4. Decree of the President of the Republic of Indonesia Number 45/M year 2006;

HAS DECIDED:

To enact : **DECISION OF THE CHAIRPERSON OF THE CAPITAL MARKET AND FINANCIAL INSTITUTIONS SUPERVISORY AGENCY CONCERNING SECURITIES EXCHANGES COMMISSIONERS**

Article 1

Provision concerning Securities Exchanges Commissioners is regulated in Rule Number III.A.12 as stipulated in the attachment of this Decision.

Article 2

With the enactment of this Decision, every provision that related to Securities Exchanges Commissioners as regulated in Rule Number III.A.3 Attachment of Chairperson Decision of Bapepam Number: Kep-05/PM/2001 as last amended by Chairperson Decision of Bapepam Number: Kep-352/PM/2007 concerning Securities Exchanges Commissioners are declared do not apply.

Article 3

For the former commissioners of the Exchange who are in the position when this decision is enacted still has his term of office until expire.

Article 4

This Decision shall become effective since the date of its promulgation.

In order that all may be informed, it is ordered that this Decision be proclaimed by publication in the *State Gazette* of the Republic of Indonesia.

Enacted in : Jakarta
Date : April, 10 2008

Chairman of Capital Market And Financial
Institutions Supervisory Agency

Signed

A. Fuad Rahmany
NIP. 060063058

Based on the original documents
Head of General Affairs Division

Signed

Prasetyo Wahyu Adi Suryo
NIP 060076008

ATTACHMENT :
Decision of the Chairman of Capital
Market and Financial Institutions
Supervisory Agency (CMFISA)
Number : Kep-108/BL/2008
Date : April 20, 2008

RULES NUMBER III.A.12 : SECURITIES EXCHANGES COMMISSIONERS

1. General

- a. Securities Exchanges must have at least 3 (three) commissioners.
- b. With regard to the item 1 letter a above, Bapepam and LK shall decide the sum of the Securities Exchanges Commissioners no later than 50 (fifty) days before the Shareholders General Meeting to appoint the commissioners of the Securities Exchanges. The decision of Bapepam and LK still has effect until the next decision by Bapepam and LK.

2. Requirements For Commissioners

- a. Every commissioners must meet the following requirements:
 - 1) be individuals who have Indonesian citizenship and are legally competent;
 - 2) have a good character and morals;
 - 3) have never been declared bankrupt or been the directors or commissioners who were responsible for causing a company to go bankrupt;
 - 4) have never been found guilty of a criminal act;
 - 5) have never committed a disgraceful act in the Capital Market and in the financial sector;
 - 6) have never been involved in a material violation of the Capital Market law and regulations;
 - 7) have a good understanding of the Capital Market law and regulations, and have a good vision of the Capital Market;
 - 8) be committed to the development of Securities Exchange and the Indonesian Capital Market; and
 - 9) have a good understanding of the good corporate governance principles and of the risk management principles.
- b. In addition to the requirements in the letter a above, the members of the board of commissioners must fulfill the following requirements:
 - 1) In the case where there are 3 (three) or 4 (four) members of the board of commissioners:

- a) at least 1 (one) of the commissioners shall be the director of the member of the Securities Exchange and at least must have been 2 (two) years in the director position;
 - b) 1 (one) of the commissioners shall be the director of an Issuer or a Public Company listed in the Securities Exchange where the securities of the Issuers or the Public Company are listed and at least must have been 2 (two) years in the director position; and
 - c) 1 (one) commissioner must:
 - (1) have at least 5 (five) years of experience in the management position in the Capital Market institutions or been a leader of the financial service supervisory agency;
 - (2) have experience for at least 2 (two) years in director position of an organization authorized by Capital Market Law to regulate its own activities;
 - (3) have been a professional in the field of law, accountancy, or finance which has actively practiced in the Capital Market for at least 5 (five) years; or
- 2) In the case where there are 5 (five) members of the board of commissioners:
- a) 2 (two) commissioners shall be the director of the member of the Securities Exchange and at least must have been 2 (two) years in the director position.
 - b) 1 (one) commissioner shall be the director of an Issuer or a Public Company listed in the Securities Exchange where the securities of the Issuers or the Public Company are listed, and at least must have been 2 (two) years in the director position;
 - c) 1 (one) commissioner must have experience in:
 - (1) management position of the Capital Market institution for at least 5 (five) years, or been a leader in the financial service supervisory agency; or
 - (2) director position of an organization authorized by Capital Market Law to regulate its own activities for at least 2 (two) years; and
 - d) 1 (one) commissioner has been a professional in the field of law, accountancy, or finance which has actively practised in the Capital Market for at least 5 (five) years; or
- 3) In the case where there are more than 5 (five) members of the board of commissioners :
- a) at least 2 (two) commissioners shall be the director of the member of the Securities Exchange and at least must have been 2 (two) years in the director position

- b) at least 2 (two) commissioners shall be the director of an Issuer or a Public Company listed in the Securities Exchange where the Securities of the Issuers or the Public Company are listed, and at least must have been 2 (two) years in the director position;
 - c) at least 1 (one) commissioner must have experience in:
 - (1) management position of the Capital Market institution for at least 5 (five) years, or been a leader in the financial service supervisory agency; or
 - (2) director position of an organization authorized by Capital Market Law to regulate its own activities for at least 2 (two) years; and
 - d) at least 1 (one) commissioner has been a professional in the field of law, accountancy, or finance which has actively practised in the Capital Market for at least 5 (five) years; or
- c. Two or more commissioners must not be from the same company or from 2 (two) or more companies controlled either directly or indirectly by the same Person.
3. Procedures for Nominating and Proposing Commissioner Candidates
- a. Candidates for commissioners of a Securities Exchange must be nominated and proposed by a group of at least 10 (ten) Members of the Securities Exchange that have met the following conditions:
 - 1) the 10 (ten) or more Members of the Securities Exchange must together have executed Securities transactions amounting to at least 10% (ten percent) of the total number of and of the total value of Securities transactions on the Securities Exchange during the last 12 (twelve) months;
 - 2) each of the Members of the Securities Exchange must have executed Securities transactions amounting to at least 0.2% (zero point two percent) of the total number and of the total value of Securities transactions on the Securities Exchange during the last 12 (twelve) months; and
 - 3) each of the Members of the Securities Exchange can only be a member in one group of the Members of the Securities Exchange.
 - b. In nominating commissioners of the Securities Exchange, a group of Securities Exchange Members that fulfill the requirements referred to in letter a above must be responsible select such candidates, examine carefully their expertise, experience, and responsibilities as a commissioner in accordance with this rule and determine or recommend their compensation by considering the suggestion from Remuneration Committee referred to in the item 10 letter c of this rule (if any).
 - c. Candidates for commissioners of the Securities Exchange must be submitted to Bapepam and LK in one package by a group of Securities

Exchange Members referred to the item 3 letter a of this rule and one of them must be determined as the president of the commissioner.

- d. In submitting the candidates of commissioners to Bapepam and LK, a group of Securities Exchange Members referred to item 3 letter a of this rule must attach the following documents in two pairs:
 - 1) curriculum vitae of the candidates;
 - 2) a statement letter from each candidate that he/she has fulfilled the requirements referred to the item 2 letter a item 3) to item 8) of this rule;
 - 3) a photocopy of the Identification Card from each of the candidates;
 - 4) a statement letter regarding the relationship or affiliation of the candidates with the Securities Companies that are Members of the Stock Exchange or companies that have Securities listed on the Securities Exchange;
 - 5) a photocopy of diplomas and certificates of expertise that indicate the level of competence of the candidate (if any);
 - 6) a statement letter from each of the candidates which contains among others things willingness to be elected as a commissioner and willingness to work within the structure with other commissioners and directors to implement Securities Exchange activities that are fair, orderly and efficient;
 - 7) a response to the questions in attachment 1 to this rule regarding the integrity of the candidate for commissioner using Form Number III.A.12-1;
 - 8) three (3) recent color photographs measuring 10 by 15 centimeters (postcard); and
 - 9) an explanation letter of the selection and examination process of candidates for commissioner from the group of Securities Exchange Members including the recommendation of compensation package for the candidates declaring how the process was carried in a professional manner and not influenced by interest related to Affiliations or interest other than those of the Securities Exchange in particular and the Capital Market in general;
- e. Proposal of the names of the candidates for commissioners by a group of Securities Exchange Members referred to item 3 letter a and letter c above along with supporting documents as provided in item 3 letter d above must be obtained in complete form by Bapepam and LK at least 35 (thirty five) days before the Shareholders General Meeting to appoints the commissioners of the Securities Exchange. In the event there are deficiencies then the proposal in considered to be resubmitted on the date the missing material is submitted.

4. The Fit and Proper Test

- a. Each of the candidates must be passed the fit and proper test that tested by Committee which is formed by the Chairperson of Bapepam and LK;
- b. Members of the Committee as referred to in item 4 letter a above are contains of 5 (five) persons which are the Chairman of Bapepam and LK as a Chairperson and members of the Committee, and four of members of the Committee are from the Eselon II officers of Bapepam and LK.
- c. Every fit and proper test must be presented by at least 3 (three) of the Committee members.
- d. Committee conducts the fit and proper test by the administrative examination, interview, and/or request for presentation.
- e. Fit and proper test is conducted to evaluate that the candidates of commissioners fulfill the requirements of integrity and competence;
- f. The requirements of integrity as referred to in item 4 letter e above are:
 - 1) legally competent;
 - 2) have a good character and morals;
 - 3) have never been declared bankrupt or been the directors or commissioners who were responsible for causing a company to go bankrupt;
 - 4) have never been found guilty of criminal act;
 - 5) have never committed a disgraceful act in the Capital Market and financial sector;
 - 6) have never been involved in a material violation of the Capital Market law and regulations; and
 - 7) be committed to the development of Securities Exchange and Indonesian Capital Market.
- g. The requirements of competence as referred to in item 4 letter e above are:
 - 1) have a good understanding of the Capital Market law and regulations, and have a good vision of the Capital Market field;
 - 2) have a good understanding of the good corporate governance principles and of the risk management principles; and
 - 3) have an enough history or enough experience as required by item 2 letter b or c above.
- h. Based on the result of the fit and proper test as referred to in item 4 letter d, Bapepam and LK shall submit the test result to the group of the Securities Exchange members that proposed the candidates at least 14 (fourteen) days after the complete application accepted by Bapepam and LK.

5. When in one package of the candidates of Board of Commissioners that proposed by a group of the Securities Exchange Members as referred to in item 3 letter a and letter c there is a candidate who fail from the fit and proper test, then group of the Securities Exchange members shall propose the other candidate as a replacement to Bapepam and LK at least 7 (seven) days after the result announcement of the fit and proper test by Bapepam and LK to the group of the Securities Exchange members, which have met with item 2, and item 3 letter a, letter b, letter c, letter d, and letter e of this rule.
6. In the case all of the documents are completed and all of the requirements are fulfilled, Bapepam and LK shall submit the approval letter and the package list of the Board of Commissioners candidates including the copy documents of the commissioner candidate to the directors of the Securities Exchange no later than 7 (seven) days before the Shareholders General Meeting.
7. Director of the Securities Exchange must submit the list of the candidates of the commissioners which approved by Bapepam and LK as referred to in item 6 with all of copy of the documents as referred to in item 3 letter d to all of the Securities Exchange shareholders at least one working day after the list of the candidates is accepted from Bapepam and LK. The list of the candidates including the copy of complete documents must be available and can be accessed by the Securities Exchange shareholders and by public.
8. The Shareholders General Meeting and the Election Procedure of the Commissioners.
 - a. The announcement of invitation for the Shareholders General Meeting of the Securities Exchange must be made no later than 14 (fourteen) days before the date of the invitation. The announcement shall contain the agenda of commissioner appointment.
 - b. The invitation of the Shareholders General Meeting of the Securities Exchange to appoint commissioners must be made at least 14 (fourteen) days before the date of the Shareholders General Meeting. The invitation shall contain the agenda of commissioner appointment.
 - c. The commissioners are selected and appointed from the package of the Board of Commissioner candidates based on the majority voice of the shareholders in the Shareholders General Meeting of the Securities Exchange.
 - d. The Shareholders General Meeting of the Securities Exchange to appoint the commissioners must be chaired by the president director or in his absence by one of the other directors.
9. Board of Commissioners must meet at least once a month and the meeting shall be chaired by the president commissioner or in his absence by one of the other commissioners.

10. In conducting its daily activities Board of Commissioners may establish Audit Committee and Remuneration Committee with the requirements as follows:
 - a. The chairperson of the Audit Committee and the Remuneration Committee is one of the commissioners.
 - b. Audit Committee shall have duty to provide independent professional opinion to Board of Commissioners regarding reports or other matters submitted by directors to Board of Commissioners as well as to identify matters that should come under attention of Board of Commissioners. Audit Committee members must have expertise and experience in the field of law, accountancy, and finance.
 - c. Remuneration Committee is an ad hoc committee established by Board of Commissioners to study and suggest compensation including its scheme, for commissioners of Securities Exchange or salary and other benefits for directors of Securities Exchange by taking into account each director's position along with its duty, responsibility, and other generally accepted standards.
11. Commissioners of the Securities Exchange are to be given compensation in amounts that are proposed or recommended by the group of the Securities Exchange Members as provided in item 3 letter a and letter c of this rule and by considering the proposal from the Remuneration Committee as referred to in item 10 letter c of this rule (if any), before the Shareholders General Meeting appoints the commissioners of the Securities Exchange.
12. Compensation for commissioners of the Securities Exchange referred to in item 11 of this rule must be approved and decided by the Shareholders General Meeting.
13. The term of office of commissioners is 3 (three) years, and they may be re-elected for 1 (one) more term that have met with the following conditions:
 - a. If a commissioner is elected to replace a commissioner who resigned before his/her term expires and/or when an additional commissioner is needed, the person is elected only for remainder of the term of the former commissioner; and
 - b. The total term of office of the commissioners in the Securities Exchange, the Clearing and Guarantee Institutions, and the Central Securities Depository is maximum 3 (three) times the term of office.
14. The term of office of the commissioners of the Securities Exchange must expire at a different time than that of directors.
15. When commissioners no longer fulfill the requirements as referred in item 2 of this rule, they must be replaced at least 3 (three) months since they are no longer fulfill the requirements. The group of Securities Exchange Members must propose the replacement of candidate of commissioners to Bapepam and LK which have met with the requirements in item 2 and item 3 of this rule.

16. In the case there are vacancy in the office of commissioner, the directors of the Securities Exchange must report to Bapepam and LK at least 5 (five) working days since the vacancy are known by directors of the Securities Exchange.
17. When filling the vacancy of the commissioner and/or when an additional commissioner is needed, then:
 - a. changing or adding of the commissioners must be met to the item 2 and item 3 of this rule;
 - b. the candidates of the commissioners must have willingness to work with other commissioners and there must not be objection from the existing commissioners;
 - c. adding of new commissioners must be met to the item 1 letter b and the implementation must be met to the item 2 and item 3 of this rule.
18. The members of Board of Commissioners may be dismissed from their positions if the commissioners among other things:
 - a. lose their Indonesian citizenship;
 - b. are not legally competent;
 - c. do not possess a good character and morals;
 - d. have ever been declared bankrupt or been the directors or commissioners who were responsible for causing a company to go bankrupt;
 - e. are found guilty of criminal act;
 - f. commit a disgraceful act in the Capital Market and financial sector;
 - g. commit in a material violation of the Capital Market law and regulations;
 - h. not committed to the development of Securities Exchange;
 - i. fail or deemed not capable of handling duties; and or
 - j. are permanently absent.
19. By no means undermining Criminal Provisions in Capital Market, Bapepam and LK may impose sanctions on any violations of this rule, as well as on any Person that causes the violations to occur.

Enacted in : Jakarta
Date : April 10, 2008

Chairman of Capital Market and
Financial Institutions Supervisory Agency

Signed

A. Fuad Rahmany
NIP. 060063058

Based on the original documents
Head of General Affairs Division

Signed

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