

**ATTACHMENT :**

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

Number : Kep-12/BL/2009

Date : 30 January 2009

**RULE NUMBER III.A.3 : DIRECTORS OF SECURITIES EXCHANGE**

1. GENERAL

- a. Securities Exchange must have at least 3 (three) directors.
- b. The Securities Exchange Board of Commissioners examines the total number of required needs and positions for Securities Exchange's directors and submit it to Capital Market and Financial Institutions Supervisory Agency (CMFISA) no later than 121 (one hundred and twenty one) days before the Shareholders General Meeting concerning the appointment of directors of the Securities Exchange.
- c. In examining the total number of required needs and positions for Securities Exchange directors, the board of commissioners may establish a committee with or without involving other parties, by referring to this rule, Rule No. III.A.1, and the existing organization structure of Securities Exchange.
- d. In determining the positions of directors of Securities Exchange, the board of commissioners must consider the activities which will be the responsibility of each Securities Exchange director's position as referred to in point 11 and point 12 of this rule.
- e. If within the given submission period as specified in letter b above board of commissioners has not yet submitted the total number of the needs and positions for directors of Securities Exchange, then CMFISA will decide directly the total number of the needs and positions for directors of securities exchange.
- f. CMFISA decides the total needs and positions for directors of Securities Exchange no later than 109 (one hundred and nine) days before Shareholders General Meeting concerning the appointment of directors of the Securities Exchange.
- g. By considering the development of activities and operational needs of Securities Exchange, CMFISA may add the number of director of Securities Exchange within the existing directors.

## 2. REQUIREMENTS FOR CANDIDATES OF DIRECTORS

- a. Candidates of directors of a Securities Exchange must meet the following requirements:
  - 1) Must 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 who were responsible for causing a company to go bankrupt;
  - 4) Have never been found guilty of any criminal act;
  - 5) Have never committed any disgraceful act in the Capital Market in particular and in the financial sector in general;
  - 6) Have never been involved in adverse violation of the Capital Market Law and regulations;
  - 7) Have a good understanding of the Capital Market Law and regulations and broad knowledge of the development of domestic and international capital market;
  - 8) Should be committed to the development of Securities Exchange and the Indonesian Capital Market in general; and
  - 9) Have a good understanding of good corporate governance and risk management principles.
- b. In addition to the requirements in letter a above, candidates of directors must fulfill the following requirements:
  - 1) In the case where there are 3 (three) or 4 (four) directors:
    - a) at least 1 (one) candidate must have experience as a director in a company conducting business in finance for at least 5 (five) years, with a condition of at least 3 (three) years having experience as a director in a securities company;
    - b) at least 1 (one) candidate must have experience in managerial position at least one level below director or equivalent position in capital market institution supervisory agency and/or an organization authorized by Capital Market Law to regulate its own activities, at least 3 (three) years; and
    - c) specifically for candidates who have responsibility for information technology, he/she must have experience in managerial position in the field of information

technology at least 3 (three) years and have sufficient knowledge of company technology information in a company conducting business in finance.

- 2) In the case where there are 5 (five) directors or more:
  - a) at least 3 (three) candidates must have experience as director in a company conducting business in finance at least 5 (five) years, with a condition at least 3 (three) years experiencing as a director in securities company;
  - b) at least 1 (one) candidate must have experience in managerial position at least one level below director or equivalent position in capital market institution supervisory agency and/or an organization authorized by Capital Market Law to regulate its own activities, at least 3 (three) years; and
  - c) at least 1(one) candidate must have experience in managerial position in risk management and/or investment management in a company conducting business in finance, or has 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; and
  - d) specifically for candidates who have responsibility for information technology, he/she must have experience in managerial position in the field of information technology for at least 3 (three) years and have sufficient knowledge of company technology information in a company conducting business in finance.
- 3) The term or duration of the experience of the candidates in managerial position or director referred to item 1) and item 2) counted for since the Shareholders General Meeting concerning the election and appointment of directors of the Securities Exchange.

- c. For candidate who is proposed as the president director of Securities Exchange, in addition to the requirements mentioned in letter a and b above, also must have a strong leadership capability.

### 3. PROCEDURES FOR NOMINATING AND PROPOSING CANDIDATES OF DIRECTOR OF SECURITIES EXCHANGE

- a. Candidates for directors of a Securities Exchange must be nominated by a group of at least 10 (ten) members of the Securities Exchange that have met the following conditions:

- 1) the ten or more members of the Securities Exchange must together have executed Securities transactions amounting at least 10% (ten percent) of the total number and the total value of Securities transactions on the Securities Exchange during the last 12 (twelve) months before proposing the candidates to CMFISA;
  - 2) each of the Exchange members must have executed Securities transactions amounting at least 0.2% (zero point two percent) of the total number and the total value of Securities transactions on the Securities Exchange during the last 12 (twelve) months before proposing the candidates to CMFISA; and
  - 3) each of the Exchange members may only be a member of one group of Exchange member.
- b. In proposing the director of a Securities Exchange, a group of Securities Exchange members fulfill the same requirements referred to in letter a above and those responsible for the selection of such candidates must examine carefully their expertise and experience to fulfill each responsibility as director in accordance with item 1, item 11 and item 12 of this rule and negotiate or recommend the salaries and other benefits for each candidate for director of the Securities Exchange by considering suggestions from Remuneration Committee referred to in item 10 letter c of Rule Number III.A.12 (if any).
- c. Candidates of directors of Securities Exchange must be proposed to CMFISA by a group of members of Securities Exchange as provided in letter a above in one package of candidates of directors of Securities Exchange in accordance with the requirements as provided in item 1, item 11, and item 12.
- d. The one-package proposal referred to letter c is not applicable for proposing the candidates of director of Securities Exchange for the purpose of fulfilling the vacant position of director of Securities Exchange or adding a new candidate.
- e. In proposing the candidates of director of Securities Exchange to CMFISA, a group of Securities Exchange members as referred to letter a must attach in 2 (two) copies the following documents:
- 1) curriculum vitae of the candidates;
  - 2) a statement from each candidates stating that he/she has fulfilled the requirements as referred to in item 2 letter a item 3), item 4), item 5), item 6), and item 8);

- 3) a Residence Identification Card from each of the candidates;
- 4) a statement regarding the relationship or affiliation of the candidates with other candidates from Securities Exchange, commissioners of Securities Exchange, Members of Securities Exchange, Issuers, or companies that have Securities listed on the Securities Exchange;
- 5) a photocopy of diplomas and certificates of expertise indicating the level of competence of the candidate (if any);
- 6) a statement from each Person as the candidate for directors which contains, among other things: willingness to be elected as a director responsible for each respective duties referred to in item 11 and item 12 and willingness to work within the structure with other commissioners and directors to implement Securities Exchange activities that are orderly, fair, and efficient;
- 7) a statement by each candidate of director not to have a position as a member of a board of directors or commissioners, or as an employee of another company or institution, when elected as a director of Securities Exchange.
- 8) responses to the questions in attachment 1 to this rule regarding the integrity of the candidate for director using Form III.A.3-1;
- 9) three (3) recent color photographs size 10 X 15 cm(post card size);
- 10) an explanation of the selection and examination process of candidates for director from the group of *Securities Exchange* members including the negotiation of the salary and other benefits for candidates that become members of the board of directors declaring how the process was carried out in a professional manner and not influenced by interests related to affiliations or interests other than those of the Securities Exchange in particular and the Capital Market in general;
- 11) strategic plan of director of Securities Exchange which is in line with vision and mission of Securities Exchange;
- 12) a statement from each candidate of director that makes clear that when the candidate for director becomes a director, he/she will not use Securities Exchange assets or engage in transaction and give any kind of benefits to

Persons affiliated with him/her, other directors of, commissioners of Securities Exchange, and/or Persons affiliated with commissioners of Securities Exchange; and

- 13) a statement from candidates of directors declaring, among other things:
  - a) willingness not to possess shares or to not be the controller either directly or indirectly of any Securities Company during the term of office as the directors of the Securities Exchange; and
  - b) willingness not to control either directly or indirectly Issuers or Public Companies and or not transfer shares of Issuers or Public Companies that they have 6 (six) months after their term of office expires.
- f. The submission of the name of the candidates of Securities Exchange directors by the members of the Securities Exchange as mentioned in letter a and c above along with supporting documents as mentioned in letter e above must be received completely by CMFISA no later than 56 (fifty six) days before the Shareholders General Meeting concerning the appointment of directors of Securities Exchange.

#### 4. Fit and Proper Test

- a. Each candidate of director of Securities Exchange must pass fit and proper test conducted by a Committee established by the Chairman of CMFISA.
- b. the Committee referred to in letter a consists of 5 (five) members comprising the chairman of CMFISA as the chairman and also the member of the Committee, and 4 (four) CMFISA officers at bureau head level as the members.
- c. Fit and proper test must be attended by at least 3 (three) Committee members.
- d. The Committee conducts the fit and proper test of candidates of director of Securities Exchange by, among others, examining administrative documents, interview, and/or request for presentation.
- e. In conducting the fit and proper test, the Committee may be assisted by experts who have specific expertise outside CMFISA.
- f. Fit and proper test is conducted to examine whether the candidates have fulfilled the integrity and competence requirements.

- g. The integrity requirements as referred to in letter f above, among other things:
    - 1) must be capable of doing legal action;
    - 2) posses good character and morals;
    - 3) have never been declared bankrupt or been a commissioner or director who has responsible for causing a company to go bankrupt;
    - 4) have never been found guilty of any criminal act;
    - 5) have never committed any disgraceful act in the capital market in particular or in the financial sector in general;
    - 6) have never engaged in adverse violation of the Capital Market law and regulations; and
    - 7) must be committed to the development of Securities Exchange and Indonesian Capital Market.
  - h. The competency requirements referred to in letter f, among other things:
    - 1) have a good understanding of the Capital Market law and regulations and broad understanding of domestic and International Capital Market;
    - 2) have a good understanding of good corporate governance and risk management principles;
    - 3) have sufficient background or experience, as mentioned in item 2 letter b or letter c; and
    - 4) have Capital Market expertise and/or expertise in the required field as stated in item 2 letter b item 1) point c) and item 2) point c) and point d).
  - i. Based on the fit and proper test as referred to in letter d above, CMFISA submits the result of the tests to the group of Securities Exchange that propose the candidates no later than 21 (twenty one) days after the proposal is received completely.
5. If in a list of package of candidates proposed by Securities Exchange members as provided in item 3 letter a and c there are candidates who do not pass fit and proper test, then Securities Exchange members may resubmit the proposal with new candidates to replace the unsuccessful candidates to CMFISA no later than 14 (fourteen) days after CMFISA announces the results to the Securities Exchange members, in accordance with the requirements as mentioned in item 2 and item 3 letter a, b, c, and e.



6. If all the documents are complete and all requirements are fulfilled, CMFISA submits the approval letter and the list of candidates along with photocopy of documents of the candidates to the board of directors of Securities Exchange no later than 7 (seven) days after Shareholders General Meeting.
7. The board of directors of the Securities Exchange must send to the exchange members the list(s) of candidates that is sent by CMFISA as referred to in item 6 along with photocopy of documents of the candidates as referred to in item 3 letter e no later than 1 (one) working day after receiving the list of candidates. The list of candidates along with the photocopy of documents of the candidates must be available and can be accessed by shareholders and public.
8. Shareholders General Meeting and Procedures for Electing Directors of Securities Exchange.
  - a. The announcement of invitation for the Shareholders General Meeting of the Securities Exchange must be made 14 (fourteen) days before the date of the invitation. The announcement shall contain the plan to elect directors.
  - b. The invitation for the Shareholders General Meeting shall be announced 14 (fourteen) days before the meeting is held without considering the date of the invitation and Shareholders General Meeting. The invitation shall contain the plan to elect directors.
  - c. Candidates of directors of Securities Exchange that are proposed in a package to Shareholders General Meeting must be elected and appointed based on the respective package with the most votes obtained during the Shareholders General Meeting.
  - d. The election and appointment of one package of directors of Securities as mentioned in letter c above is not applicable for the election and appointment of directors of Securities Exchange to fulfill a vacant position or to add the number of director candidates.
  - e. Shareholders General Meeting to elect the directors of the Securities Exchange must be led by the president commissioner or, one of the other commissioners of the Securities Exchange in the absence of the president commissioner.
  - f. A candidate who has been elected as referred to letter c above shall have the rights to withdraw before being appointed by Shareholders General Meeting.
  - g. In Shareholders General Meeting the candidates of directors of Securities Exchange must explain their strategic plan to the shareholders. The explanation may also be delivered in other



forums before the Shareholders General Meeting which enable the shareholders interact with the candidates of the director of Securities Exchange.

9. The salaries and other benefits for the candidates for directors of the Securities Exchange as referred to in item 3 letter b of this rule must be determined based on generally accepted standards for each position held by each director of the Securities Exchange and in accordance with the duties and responsibilities of each director of the Securities Exchange based on the expertise and experience of each candidate, by taking into account proposal from Remuneration Committee referred to in item 10 letter c of Rule Number III.A.12 (if any).
10. The salaries and other benefits for the directors of the Securities Exchange as referred to in item 9 that are proposed by the group of Securities Exchange members as referred to in item 3 letter a must be approved and decided by the Shareholders General Meeting.
11. One of the candidates for directors of the Securities Exchange must be chosen as the candidate for the president director with the main responsibilities such as making final decision if the board meeting is unable to make decisions, coordinating activities of the Securities Exchange, public relation activities and internal inspections activities.
12. The other candidates of directors of the Securities Exchange must be chosen as candidates for directors who are responsible for one or more of the following activities:
  - a. listing, that is responsible for making rules for listing and delisting Securities, standards of conduct for Issuers that are listed on the Exchange and Securities Administration Agencies, coordinating and supervising corporate action, overseeing the training and education of companies that are listed and Securities Administration Agencies;
  - b. membership and participants, that is responsible for producing rules regarding membership and participants, requiring membership and participants reports, supervising members and participant as well as overseeing training and education Exchange of members and participants;
  - c. trading, that is responsible for producing rules for trading, clearing, and settlement in Exchange Transactions, and assuring that transactions are all settled;
  - d. trading surveillance, that is responsible for developing parameter of trading surveillance and conducting trading surveillance effectively;

- e. membership and participants inspection, that is responsible for producing guidelines for inspection of members and participants as well as conducting inspection of members and participants and inspection surveillance effectively;
  - f. Legal, that is responsible for coordinating producing rules regarding listing, membership, trading and legal advising;
  - g. Research and business development, that is responsible conducting research and development activities regarding listing, membership, trading and trading surveillance; and business development of the Securities Exchange;
  - h. Information technology system, that is responsible conducting procuring and managing information and technology system regarding listing, membership, trading and trading surveillance; and
  - i. Finance and human resources development, that is responsible for planning financial matters, controlling annual budget, administrating human resources, and general administration.
13. In the case where the board of directors of the Securities Exchange deem that a director of the Securities Exchange that holds responsibility and duty of some activities is not capable of handling some duties of the concurrent positions, based on the decision of directors' meeting, those duties may be transferred to another director of the Securities Exchange deemed capable of handling them after acquiring approval from board of commissioners, CMFISA, and decided by Shareholders General Meeting.
14. Director of the Securities Exchange must not have affiliation with other directors of the Securities Exchange and/or Commissioners of the Securities Exchange.
15. Directors of the Securities Exchange must not have shares or be controller either directly or indirectly of Securities Companies.
16. Directors of the Securities Exchange must not control directly or indirectly an Issuer or a Public Company and/or must not trade on shares of Issuer or a Public Company. In the case where directors of the Securities Exchange have shares of an Issuer or a Public Company, those shares cannot be traded up until 6 (six) months after the director's term of office expires.
17. The term of office of the directors of the Securities Exchange is as specified in the Government Regulation of the Republic of Indonesia Number 45 Year 1995 Concerning Capital Market Organization and may only re-elected for one more term with the following requirement:

- a. When director of the Securities Exchange is elected to fill the vacancy in the office of a director of the Securities Exchange who resigns before his/her term expires, or when an additional commissioner or director is needed, the term of office of those director of the Securities Exchange is valid for the remainder of the term of the board directors of the Securities Exchange;
  - b. Calculation of one office-term of a director of the Securities Exchange starts if the director holds that position no less than 2/3 (two-thirds) of office-term of directors of the Securities Exchange; and
  - c. Overall term of director of the Securities Exchange in Securities Exchange, Clearing Guarantee Institution, and Central Securities Depository is maximum 3 (three) terms.
18. The office-term of the directors of the Securities Exchange must expire at a different time than that of the commissioners of the Securities Exchange.
19. Director of the Securities Exchange who does not anymore fulfill the requirements as specified in item 2 must be replaced no later than 3 (three) months after such director is found or stated does not anymore fulfill the requirements by CMFISA, and group of members of the Securities Exchange must submit the replacement candidate of the Securities Exchange to CMFISA as required in item 2 and item 3.
20. In the case where there is a vacant position of director of the Securities Exchange, position of director of the Securities Exchange must be filled no later than 3 (three) months since that position is vacant, and shareholders or group of shareholders that own at least 20% (twenty percent) outstanding voting shares of the Securities Exchange must submit the replacement candidate of the Securities Exchange to CMFISA as required in item 2 and item 3.
21. In the case of:
  - a. Position of the president director of the Securities Exchange is vacant, one of directors of the Securities Exchange must be selected based on board of directors' decision as the president director until replacement is decided by the Shareholders General Meeting, after obtaining approval from board of commissioners, and CMFISA.
  - b. Position of the director of the Securities Exchange other than the president director is vacant, the duties of that directors based on board of directors decision must be transferred to other director of the Securities Exchange until replacement is decided by the Shareholders General Meeting, after obtaining approval from board of commissioners, and CMFISA.

22. CMFISA may decide that position of director of the Securities Exchange that is vacant may not be filled as specified in item 20 after considering Securities Exchange's activities and operation.
23. The deadline for replacement and/or filling the vacancy of director of the Securities Exchange as referred to in point 19 and point 20 may be decided by CMFISA.
24. In the case of there is position of director of the Securities Exchange that is vacant or a director of the Securities Exchange resigns, the board of directors of the Securities Exchange must report to CMFISA no later than 5 (five) days since resigned letter is known or accepted by the board of directors of the Securities Exchange.
25. When filling the vacancy in the office of a director of the Securities Exchange who resigns before his/her term expires, or when an additional director of the Securities Exchange is needed then:
  - a. the replacement or addition of director of the Securities Exchange must fulfill the requirements as specified in item 2 and item 3.
  - b. the proposed candidate of director of the Securities Exchange must agree to cooperate with the existing directors of the Securities Exchange.
  - c. the addition of new director of the Securities Exchange must considers the requirements as mentioned in item 3 letter f and letter g, and its operation must fulfill requirement mentioned in item 2 and item 3.
26. A director of the Securities Exchange that is not anymore serving as a director of the Securities Exchange because of any reason does not have the rights to receive salary and other benefits from the Securities Exchange other than severance payment and other rewards as long as it is approved by the Shareholders General Meeting that elected him/her with the conditions that the amount of such payment and rewards must not exceed the amount of salaries for the remaining term.
27. Office term of director of the Securities Exchange is automatically ended if the director, among other things:
  - a. lose his/her Indonesian citizenship;
  - b. is not legally competent;
  - c. is declared bankrupt or become the director or commissioner who was responsible for causing a company to go bankrupt;
  - d. is found guilty of any criminal act;
  - e. is permanently absent;
  - f. Pass away; and/or;

- g. Term of office is expired.
28. Director of the Securities Exchange may be dismissed from his/her position by CMFISA if the director, among other things:
- a. has not a good character and morals;
  - b. has committed a disgraceful act in the Capital Market in particular and in the financial sector in general;
  - c. has involved in adverse violation of the Capital Market law and regulations;
  - d. has not committed to the development of the Central Securities Depository; and/or
  - e. fails or is deemed incapable of handling duties.
29. By no means of undermining Criminal Provisions in Capital Market, CMFISA may impose sanctions on any violation of this rule, as well as on any Person that causes the violation to occur.

Enacted in : Jakarta  
Date : 30 January 2009

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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