

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

DUPLICATE OF

**DECISION OF THE CHAIRMAN OF
CAPITAL MARKET AND FINANCIAL INSTITUTIONS SUPERVISORY
AGENCY
NUMBER: KEP - 310/BL/2008**

CONCERNING

**INDEPENDENCE OF ACCOUNTANT PERFORMING SERVICES IN
CAPITAL MARKET**

**CHAIRMAN OF CAPITAL MARKET AND FINANCIAL INSTITUTIONS
SUPERVISORY AGENCY,**

- Considering : a. that in order to enhance the disclosure quality of Issuer or Public Company's financial statements, it is necessary to obtain independent and professional opinion from a Public Accounting Firm and an Accountant;;
- b. that with the effectiveness of the Ministry of Finance Decree Number 17/PMK.01/2008 concerning Public Accountant Services, some provisions regulating the independence of Accountant performing services in Capital Market are needed to be adjusted;
- c. that based on consideration as mentioned in point a and point b, it is deemed necessary to revise Rule Number VIII.A.2, Attachment Decision of the Chairman of Capital Market Supervisory Agency Number: Kep-20/PM/2002 concerning Independence of Accountant who is Performing Audit Services in Capital Market by enacting a new Decision of Chairman of Capital Market and Financial Institutions Supervisory Agency;
- 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);

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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. President of Republic of Indonesia Decree Number 45/M year 2006;
5. Minister of Finance Decree Number 17/PMK.01/2008 concerning Public Accountant Services;

HAS DECIDED:

To enact : **DECISION OF CHAIRMAN OF CAPITAL MARKET AND FINANCIAL SERVICES SUPERVISORY AGENCY CONCERNING INDEPENDENCE OF ACCOUNTANT WHO IS PERFORMING SERVICES IN CAPITAL MARKET.**

Article 1

Provisions concerning Independence of Accountant Performing Services in Capital Market are regulated in Rule Number VIII.A.2 as stipulated in the Attachment of this Decision.

Article 2

With the enactment of this Decision, the Decision of Chairman of Capital Market and Supervisory Agency Number Kep-20/PM/2002 dated 12 November 2002 concerning Independence of Accountant who is Performing Audit Services in Capital Market is revoked and declared ineffective.

Article 3

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.

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

Enacted in : Jakarta
Date : 1 August 2008

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

Number : Kep-
310/BL/2008

Date : 1 August 2008

**RULE NUMBER VIII.A.2 : INDEPENDENCE OF ACCOUNTANT
PERFORMING SERVICES IN CAPITAL MARKET**

1. Definitions of terms for the purposes of this rule:
 - a. Audit Period and Professional Engagement Period:
 - 1) Audit Period is the period when financial statements are being audited or reviewed; and
 - 2) Professional Engagement Period is the period of engagement to audit or review client's financial statements or to prepare report to Capital Market and Financial Institutions Supervisory Agency (CMFISA).
 - b. Close Family Members include husband or wife, parents, dependent and non-dependent children, and siblings.
 - c. Contingent fee is a fee that is determined for conducting a professional service, which is charged in the presence of findings, or specific results in which the amount is subject to the aforementioned findings or specific results. A fee is not considered as a contingent fee if it is stated by court, a regulatory body, or in taxation field, when the base of the fee is the result of a legal settlement or findings of a controlling body.
 - d. Insiders of a Public Accounting Firm are:
 - 1) Individuals involved in engagement of attestation and/or non-attestation services, including:
 - a) Partners;
 - b) Lead Partner of the Firm;
 - c) Professional Personnel; and
 - d) Reviewerwho are involved in engagement.
 - 2) Individuals involved in chain of command, including those who:
 - a) supervises or has a direct management responsibility for the audit;

- b) evaluates the performance or recommends the compensation of the audit engagement partner; or
 - c) provides quality control or other oversight of the audit;
- 3) Any other Partners, Lead Partner or other professional Personnel of the Public Accounting Firm and its affiliation who had provided attestation and/or non-attestation services to the client.
- e. Key personnel are individuals who have the authority and responsibility to plan, organize and control the activities of the reporting company. The personnel include member of the commissioners, directors, and managers of the reporting company.
2. The Duration of Professional Engagement Period:
- a. Professional Engagement Period starts at the beginning of the fieldwork or at the signing of engagement letter, which ever is earlier.
 - b. Professional Engagement Period finishes on the date of Accountant report or written notice, from either the Public Accounting Firm or the clients, to CMFISA stating that the engagement has been completed, which ever is earlier.
3. In performing his/her professional services, especially in issuing opinion, an Accountant must maintain his/her independence. An Accountant is not considered independent if during the audit and professional engagement period, the Accountant, Public Accounting Firm, or Insider of Public Accounting Firm:
- a. has substantial financial interest, directly or indirectly, to the clients, such as:
 - 1) investing in the clients; or
 - 2) other financial relation with the client, which may cause conflict of interest.
 - b. has employment relation with client, such as:
 - 1) working as client's Key Personnel;
 - 2) having Close Family Member working as a member of Key Personnel for the clients in accounting or financial area;
 - 3) having former partner or professional Personnel of the Public Accounting Firm who used to work as a member of Key Personnel in accounting and financial area in the client's company, unless the aforementioned individual has no longer worked for the such Public Accounting Firm for more than 1 (one) year; or
 - 4) having partner or professional Personnel of the Public Accounting Firm who used to work as a member of Key Personnel in accounting and financial area, unless the aforementioned individual does not involve in the engagement within the Audit Period.

- c. has material business relation, directly or indirectly, with the client, Key Personnel of the client, or with major shareholder of the client. Business relation as mentioned in this rule does not include business relation in which the Accountant, Public Accounting Firm, or Insiders of a Public Accounting Firm perform attestation and/or non-attestation services to client, nor is consumer of the products or services of the client in supporting his/her/its operational activities.
 - d. performs attestation other than engagement and non-attestation to client, such as:
 - 1) bookkeeping or other services related to the client's accounting records or financial statements;
 - 2) financial information systems design and implementation;
 - 3) internal audit services;
 - 4) management consultation services;
 - 5) human resources consultation services;
 - 6) taxation consultation services;
 - 7) financial adviser services; or
 - 8) other services which may cause conflict of interest.
 - e. performs services/selling products to client based on Contingent Fee or commission, or receiving Contingent Fee or commission from the client.
4. Quality Control System

Public Accounting Firm must have quality control system that provides adequate assurance that the Public Accounting Firm or the Personnel maintain their independence, with respect to the size and practical nature of the Public Accounting Firm.

5. Limitation of Audit Engagement
- a. Performing general audit services of client's financial statements by the same Public Accounting Firm can only be done in no more than 6 (six) consecutive fiscal years, and by the same Accountant in no more than 3 (three) consecutive fiscal years.
 - b. Public Accounting Firm and Accountant are permitted to audit a client, after they have not audited the client for 1 (one) consecutive fiscal year.
 - c. Provisions referred to in point 5 letter a and letter b do not apply for interim financial statements being audited for public offering purposes.
 - d. If a Public Accounting Firm performing services in Capital Market changes the composition of its Accountants so that the number of its Accountants originated from a Public Accounting Firm that had performed services in Capital Market would become 50% or more, then the firm would be treated similar to Public Accounting Firm where the

Accountants were originated. Therefore, the limitation of performing of financial statement audit as mentioned in point 5 letter a still applies.

6. In accepting professional engagement, an Accountant must take into consideration professionally and maintain his/her independence in accordance with provisions as mentioned in Public Accountant Professional Standards (SPAP).
7. By no means of undermining criminal stipulation in capital market, CMFISA may impose sanction on any violations of this Rule, as well as on any Person that causes the violation to occur.

Enacted in : Jakarta
Date : 1 August 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

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Prasetyo Wahyu Adi Suryo
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