

ATTACHMENT

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

Number : Kep-394/BL/2008

Date : 6 October 2008

**RULE NUMBER VIII.C.2 : APPRAISER INDEPENDENCE IN CONDUCTING
BUSINESS IN CAPITAL MARKET**

1. Definitions of terms for the purposes of this rule:
 - a. Professional Appraisal Assignment is an assignment accepted by Appraiser from client to perform appraisal of specific object with specific objective on specific date on which the Appraiser based his/her opinion and presented on appraisal report.
 - b. Professional Appraisal Assignments Period is assignment period that is needed in conducting appraisal process up to the signing of appraisal report.
 - c. Close Family Members include wife or husband, parents, dependent and non dependent children, and siblings.
 - d. Contingent Fee is fee for performing 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 a contingent fee if it is stated by the Court, a regulatory body or in taxation field, as long as the base of the fee is the result of a legal settlement or findings of a regulatory body.
 - e. Insiders of Public Appraiser Firm are:
 - 1) Individual involving in Professional Appraisal Assignment Team:
 - a) all partners, directors, professional staff, experts participating in appraisal assignment;
 - b) Individual conducting further review or acting as a second partner (and so on) during professional appraisal assignment period; or
 - c) Other Appraiser as consortium member of professional appraisal assignment; or
 - 2) Individual involved in chain of command is individual who:
 - a) supervises or has direct management responsibility for professional appraisal assignment;

- b) evaluates the performance or recommends the compensation of partners and member of professional appraisal assignment team; or
- c) supervises quality control or other oversight of professional appraisal assignment' or
- 3) Any partner, directors, professional staff and other experts of public Appraiser who has conducted other professional appraisal assignment to client.
- f. Experts are individuals who have expertise and qualification of specific area out of appraisal activity scope and do not work for Public Appraiser Firm.
- g. Key staff are individuals who have authority and responsibility to plan, organize, and control companies activities which include board of Commissioner, board of Director, and manager of parties being valued and or assignment supplier.
- h. Material business relation is business relation with value more than 5% from client' total revenue.

1 Assignment period:

- a. Professional Appraisal Assignment period starts at the beginning of the fieldwork or at the time the professional appraisal assignment was signed, whichever is earlier.
- b. Professional appraisal assignment period finishes at the time appraisal report signed by Appraiser is handed into the client.
- 3. In giving its professional services, especially in issuing opinion or appraisal, Appraiser must maintain his independence.
- 4. In giving professional services, Appraiser is prohibited to have Appraiser from other Public Appraiser Firm.
- 5. A Appraiser is not considered independent during professional appraisal assignment period if Appraiser, Public Appraiser Firm, or insider of Public Appraiser Firm:
 - a. Has material financial interest, directly or indirectly to the clients, such as:
 - 1) investing in the clients; or
 - 2) other financial relation with the clients which may cause a conflict of interest;
 - b. Has employment relation to client, such as:
 - 1) Working as client's key staff;
 - 2) having close family member working as member of Key Staff for the clients;
 - 3) having former partner or professional staff of Public Appraiser Firm who used to work as a member Key Staff, unless the aforementioned individual has no longer worked for the Public Appraiser Firm for more than 1 (one) year; or

- 4) having partner or professional staff of Public Appraiser Firm previously working for the client as key staff, unless the aforementioned individual does not involve in the assignment;
 - c. Has material business relation, directly or indirectly with the client, Key Staff of the client, or with major shareholders of the client. Business relation as mentioned in this rule does not include business relation in which Appraiser, Public Appraiser Firm, or insiders of Public Appraiser Firm providing appraisal service to client or a consumer of the products or services of the clients in its operational activities.
 - d. gives other services to the clients which may cause conflict of interest; or
 - e. gives services or products to the client based on Contingent Fee or commission or receive Contingent Fee from client.
6. Quality Control System
- Public Appraiser Firm must have quality control system that provides adequate assurance that Public Appraiser Firm or the Staffs maintain their independence with respect to the size and practical matter of the Public Appraiser Firm.
7. Limitation of Professional Appraisal Assignment
- a. Rendering appraisal services to clients by the same Appraiser can only be done in no more than 3 (three) consecutive years since the appraisal report date of the first Professional Appraisal Assignment.
 - b. Appraiser is permitted to value the client as mentioned in article 7 a of this rule after he has not performed professional appraisal assignment to the client for 3 (three) consecutive since appraisal report date of the latest professional appraisal assignment.
 - c. In the case that appraisal service to the client performed by the same Appraiser for no more than 3 (three) consecutive years referred to in article 7 a of this rule, the Appraiser is permitted to perform the Professional Appraisal Assignment from the client after following the criteria as mentioned in article 7 b of this rule.
8. By no means undermining criminal provision in capital market, Bapepam-LK may impose sanctions on any violations of this rule, as well as on any person that causes the violation to occur.

Enacted : Jakarta
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Date : 6 October 2008

Chairman of Capital Market and Financial
Institutions Supervisory Agency

Signed

A. Fuad Rahmany

NIP. 060063058

Based on the original documents
Head of General Affair Sub Division

Signed

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