

**RULE NUMBER IV.A.3 : MANAGEMENT OF A CORPORATE INVESTMENT FUND**

Attachment :

Decision of the Chairman of Bapepam

Number : Kep-13/PM/2002

Date : August 14, 2002

Substitute Prior Decision

Number : Kep-19/PM/1996

Date : January 17, 1996

1. A corporate Investment Fund which has obtained a business license must fulfill the following provisions:
  - a. assign a licensed Investment Manager to manage the Fund based on an Investment Fund management contract;
  - b. liquidate the Investment Fund if the Investment Manager resigns and no arrangements have been made either to transfer the existing Investment Fund management contract or to draft a new Investment Fund management contract;
  - c. obtain prior approval of all Investment Fund contracts from the majority of the board of directors of the Fund;
  - d. obtain approval from a majority of the Investment Fund's directors for any transfer of the Fund's management contract;
  - e. directors of the Fund must have:
    - 1) never been declared bankrupt or been a director or a commissioner who caused a company to go bankrupt;
    - 2) never committed a disgraceful act and or been convicted of a criminal act specifically in the Capital Market and generally in the financial sector.
  - f. prior approval of a majority of directors is required for cancellation of an Investment Fund management contract, and shareholders and Bapepam must be notified of the intent to cancel at least 60 (sixty) days before cancellation or within such other period determined by Bapepam;
  - g. the Investment Manager must submit reports, notes, and material information and other relevant facts to the board of directors, and must provide other information, related to the Investment Fund management, requested by the board of directors in evaluating the Investment Fund management contract.
2. Prior approval of a majority of directors is required for any changes in fundamental policies in the Investment Fund management contract or any changes in assignment or replacement of an Accountant, and shareholders and Bapepam must be notified of such changes at least 60 (sixty) days before they are to become effective.
3. Bapepam may reject the changes referred to in item 2 (two) within 45 (forty five) days after the receipt of notification.
4. When Bapepam does not object to the changes during the time period referred to in item 3, the changes will become effective on the 61<sup>st</sup> day after Bapepam receives notification.

5. Before approving, extending, or transferring any contract with respect to the interests of the Investment Fund, the board of directors must carefully consider alternatives to the supporting professionals and institutions proposed for each contract.
6. The board of directors must carefully and continuously supervise activities conducted for the Fund by related supporting professionals and institutions, and request such Persons to submit all documents, notes and other information needed to evaluate their performance.
7. In appointing an Investment Manager, the board of directors must at least consider the following matters:
  - a. capability of the Investment Manager;
  - b. fees proposed by the Investment Manager;
  - c. services, other than management services, that may be offered by the Investment Manager;
  - d. any benefits that may accrue to the Fund, other than those related to management fees or Affiliated Persons.
8. All contracts and their amendments must be authenticated by a public Notary.
9. A corporate Investment Fund which has obtained a business license and has been declared effective may only engage in buying and selling:
  - a. Securities offered through a Public Offering; and or listed at foreign or domestic exchange;
  - b. money market instruments which have a maturity of less than 1(one) year, such as Bank of Indonesia Certificates (BIC), Money Market Certificates (MMC), Promissory Notes, and Certificates of Deposit in rupiah or any foreign currency, and Obligation issued by Government of The Republic of Indonesia; and
  - c. commercial papers which have a maturity of less than 3 (three) years and have been rated by securities rating company
10. When the Registration Statement of shares of a corporate closed-end Investment Fund has become effective, the shares of the Fund may be listed on a Securities Exchange.
11. The Investment Manager must maintain all important records with respect to both financial statements and the Investment Fund management as required by Bapepam.
12. When conducting a subsequent Public Offering, the Investment Fund must:
  - a. announce daily the net asset value of shares during the Public Offering; and
  - b. offer shares at a price equal to or higher than the net asset value per share.
13. An open-end Investment Fund shall calculate the net asset value every Exchange day and a closed-end Investment Fund shall calculate the net asset value once a week.
14. The Investment Manager is prohibited from causing the Investment Fund:
  - a. to purchase foreign Exchange listed Securities that their information can not be accessed via available mass media or internet;
  - b. to purchase foreign Exchange listed Securities that their information can be accessed via mass media or internet in an amount of more than 15% (fifteen percent) of the net asset value of the Investment Fund;

- c. to purchase equity Securities issued by a corporation and listed at Indonesian Exchange in an amount of more than 5% (five percent) of paid in capital of the corporation;
  - d. to purchase Securities issued by a corporation in an amount of more than 10% (ten percent) of net asset value of the Investment Fund at any time. This restriction includes the purchase of commercial papers that are not categorized as Bank of Indonesia Certificates issued by bank and obligations issued by the Government of the Republic of Indonesia;
  - e. to sell shares of an open-end Fund to any investor in an amount of more than 2% (two percent) of the paid-in capital, except for the Investment Manager of the open-end Investment Fund itself;
  - f. to purchase Asset-Backed Securities in an amount of more than 10% (ten percent) of the net asset value of the Investment Fund and each type of Asset-Backed Securities may not exceed 5% (five percent) of the net asset value of the Investment Fund;
  - g. to purchase Securities not issued through a Public Offering and or not listed at Exchange, except for money market Securities, Obligations issued by the Government of the Republic of Indonesia;
  - h. to purchase Securities issued by a party affiliated with Investment Manager or Unit holder in an amount of more than 20% (twenty percent) of the net asset value, except for an affiliation caused by the Government capital placement;
  - i. to be involved in any activities other than investing, re-investing, or trading of Securities;
  - j. to be involved in any short selling;
  - k. to purchase any Securities on margin;
  - l. to issue bonds or credit Securities;
  - m. to be involved in any type of loans, except short term loans relating to the settlement of transactions and such loans may not exceed 10% (ten percent) of the value of the Investment Fund portfolio at the time of purchase;
  - n. to purchase any Securities underwritten by its Investment Manager;
  - o. to enter into any joint transaction or profit-sharing contract with the Investment Manager or with any Affiliated Person of the Investment Manager; or
  - p. to pay a dividend from any source other than profits;
  - q. to purchase Asset-Backed Securities that its Investment Manager is also the Investment Manager of the Investment Fund or a person affiliated with initial creditor of the Asset-Backed Securities;
  - r. to purchase Asset-Backed Securities that are not listed at domestic Exchange in Indonesia.
15. After notifying Bapepam, an Investment Manager of a corporate open-end Investment Fund may instruct a Custodian Bank and a selling agent to postpone redemption under the following conditions:
- a. the Securities Exchange where most of the Securities of the Investment Fund portfolio are traded is closed;
  - b. the trading of most of the Investment Fund portfolio Securities is suspended;

- c. there is an emergency; or
  - d. other circumstances stipulated in the investment management contract after approval by Bapepam.
16. An Investment Manager or its Affiliated Persons may purchase or sell shares of a closed-end Investment Fund managed by the Investment Manager, if the net asset value is calculated, evaluated, and announced daily.
  17. The sale or redemption of shares of a corporate open-end Investment Fund may be carried out through Custodian Banks or selling agents authorized by the Investment Manager.
  18. The Investment Manager may not be affiliated with its Custodian Bank.
  19. When shareholders redeem their shares, payment should be made immediately, but no later than 7 (seven) days after the redemption.
  20. The initial net asset value of any shares of a corporate open-end Investment Fund must be denominated in Rp1,000 (one thousand rupiah).
  21. The Investment Fund's annual financial statements must be audited by an Accountant registered with Bapepam and be submitted it to Bapepam by Investment Manager no later than the end of the third month of annual financial statements date end.
  22. The Investment Fund must issue revised prospectus that is also attached with the most recent financial statements and be submitted it to Bapepam by the Investment Manager no later than the end of the third month of annual financial statements date.
  23. In the event that a corporate Investment Fund is dissolved, all expenses including the fees of the Legal Consultant and Accountant, and other liabilities of the Investment Fund to third parties are the responsibility of, and must be paid by, the Investment Manager.
  24. Violation against provisions of this rule will be sanctioned in accordance with Regulation of Capital Market.
  25. With the enactment of this rule, thereby, Rule No IV.A.3 attachment of the Decision of the Chairman of Bapepam No Kep-19/PM/1996 dated 17 January 1996 concerning Management of a Corporate Investment Fund is no longer in force.