

ATTACHMENT

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

Number : Kep-262/BL/2011

Date : 31 May 2011

RULES NUMBER IV.C.4 : GUIDELINES FOR THE MANAGEMENT OF PROTECTED, GUARANTEED, AND INDEX FUND

1. Protected, Guaranteed, and Index Fund are Investment Funds other than those mentioned in Rule Number IV.C.3 concerning Guidelines for Daily Net Asset Value Announcement of Open ended Fund.
2. The following provisions:
 - a. number 14.b, number 14 . c, number 14. d, number 14. e, and number 14. f of Rule Number IV.A.4 concerning Guidelines for the Management of Investment Fund in a form of Corporation;
 - b. number 12. b, number 12. c, number 12.d, number 12.e, and number 12. f of Rule Number IV.A.4 concerning Guidelines for the Contract of Management of Investment Fund in a form of Corporation;
 - c. number 14, number 16.b, number 16. c, number 16.d, and number 16. f of Rule Number IV.B.1 concerning Guidelines for the Management of Investment Fund in a Form of Collective Investment Contract
do not apply to Protected, Guaranteed, and Index Fund.
3. Registration statement of Protected, Guaranteed, and Index Fund must be submitted to the Capital Market and Financial Institutions Supervisory Agency (CMFISA) in accordance with Rule Number IX.C.4 concerning Registration Statement for Public Offering of Investment Fund in a Form of Corporation or Rule Number IX.C.5 concerning Registration Statement for Public Offering of Investment Fund in a Form of Collective Investment Contract;
4. The public offering of shares or participation units of Protected and Guaranteed Fund is limited in term of offering period and number of shares or participation units offered. Whereas, the public offering of Index Fund can be conducted continuously or limitedly in term of offering period and number of shares or participation units offered.
5. Protected, Guaranteed, and Index Fund must name the fund after the category of fund.
6. In the case that investment manager intends to issue Protected Fund as mentioned in number 1 of this rule, then:

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- a. Investment Manager must provide additional information in the prospectus at least as follows:
- 1) A protection mechanism that at least consists of the following items:
 - a) amount of protected investment must be at least equal to the amount of initial investment;
 - b) period of protection;
 - c) percentage of investment allocation in Debt Securities that is used for protection;
 - d) early redemption before the end of protection period (if any);
 - e) scope and requirements for protection;
 - f) conditions that can cause the shareholder or unit participation holders to lose their the protection rights;
 - g) investment risks bared by shareholder and participation unit holders
 - 2) Investment policy that fulfill the following provisions:
 - a) Investment Manager must describe the percentage of Net Asset Value of Protected Fund that will be invested in debt securities, money market instruments, and other securities;
 - b) Investment Manager must structure a portfolio as a basis of protection. The portfolio should consist of debt securities including Fixed Cash Flow Asset Backed Securities with investment grade rating, so that the value of debt securities at their maturity date can at least cover the protected value;
 - c) The investment policy stated in letter b) does not apply if Investment Manager invest in Government Debt Securities;
 - d) Investment Manager must create securities portfolio of Protected Fund that comply with these following conditions:
 - (1). At least 70% (seventy percent) of Net Asset Value of Protected Fund are invested in:
 - (a). Securities portfolio that is issued, offered and /or traded in Indonesia based on Indonesian regulation; and /or
 - (b). Debt securities that is traded offshore but issued by:
 - (i) The Government of The Republic of Indonesia;
 - (ii) Indonesian Issuer and/or Public Company as defined in Capital Market Law No. 8 of 1995;
 - (iii) Foreign legal entity whose majority or all of its shares is owned directly or indirectly by Indonesian issuer or

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Public Company as mentioned in point (ii) above, and the Foreign legal entity is solely established to raise fund from overseas for the interest of the Issuer or Public Company; and/or

(iv) Foreign legal entity whose majority or all of its shares are owned directly or indirectly by Indonesia State Owned Enterprise (SOE).

- (2). Maximum of 30% of Net Asset Value are invested in securities traded in foreign stock exchange and the securities information is accessible through mass media or internet;
- e) Investment Manager is prohibited from investing in securities issued by its affiliations as protection basis, except for an affiliation that caused by government ownership or government capital participation; Implementation of this provision must take into consideration provision stated in number 14.h of Rule Number IV.A.3 concerning Management of Investment Fund in a form of Corporation, number 12.h of Rule Number IV.A.4 concerning Guidelines for the Management of Investment Fund in a form of Corporation, and number 16.h of Rule Number IV.B.1 concerning Guidelines for the Management of Investment Fund in a Form of Collective Investment Contract.
- f) Investment Manager is prohibited from changing securities portfolio as mentioned in letter b) above, except for investor redemption or due to a decline in the securities rating;
- g) Investment Manager may invest in derivative securities without the obligation to possess the underlying securities, as long as the basis of protection value is investment in debt securities.
- h) If Investment Manager invest in derivative, the Investment Manager must provide additional information concerning such investment, including:
- (1). Type of derivative;
 - (2). Maturity date (if any);
 - (3). Underlying asset;
 - (4). Premium;

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- (5). Counterparty;
 - (6). Calculated cash at maturity;
 - (7). Risks of a derivative;
- i) Investment manager must explain the criteria for selecting securities and or money market instruments
- 3) Period of shares or Participation Unit Public Offering;
 - 4) Minimum and maximum number of shares or participation units offered;
 - 5) Protected Fund must announce and report its Net Asset Value at least once a month;
- b. Investment Manager must disclose in prospectus and /or disclosure document the performance of the protected fund or indicated returns that will be received by shareholder or participation unit holders in the future, with the following requirements:
- 1). fully describe the performance calculation or indicated return, including all possible performance or returns;
 - 2). explain background assumptions of the calculation and the possibilities;
 - 3). explain investment risks bared by the share or participation unit holders of Protected Fund in relation to assumption and calculation of performance and indication of returns, which at least contains the following:
 - a) market risk;
 - b) interest rate risk;
 - c) credit risk;
 - d) currency risk;
 - e) risk of industry that reflect majority of securities portfolio that is used as protection basis
 - f) liquidity risk borne by shareholder or participation unit holder;
- c. Disclosure document as stated in letter b must be submitted to Bapepam and LK as part of the document of Registration Statement stated in Rule Number IX.C.4 concerning Registration Statement for a Public Offering of an Investment Fund in the Form of Corporation or Rule Number IX.C.5 concerning Registration Statement for a Public Offering of an Investment Fund in the Form of a Collective Investment Contract.

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7. In the case that Investment Manager intends to issue Guaranteed Fund as mentioned in number 1 above, then:
- a. Investment manager must submit a duplicate of guarantee contract among Investment Manager, Custodian Bank, and Guarantor that has been attested by a public notary to CMFISA. The contract must at least consist of:
 - 1) the amount of guaranteed investment, must be at least equal to the amount of initial investment;
 - 2) period of guarantee;
 - 3) the early redemption before the end of guarantee period (if any);
 - 4) the scope and requirements of guarantee;
 - 5) conditions that can cause the fund to loss its guarantee rights;
 - 6) the requirements and Persons that may halt the guarantee
 - 7) risks bared by the fund;
 - 8) Emergency conditions, and
 - 9) Provisions contained in the agreement shall not cause or eradicate responsibilities of Persons in accordance to the existing regulations.
 - b. Investment Manager must appoint an institution which can act as a guarantor and has the business license granted by the authorized institution as a guarantor;
 - c. Investment Manager must provide additional information in the prospectus which at least contain the following items:
 - 1) The details of guarantee scheme as stated in number 7.a;
 - 2) The details of guarantor which at least mention the followings:
 - a) business license;
 - b) brief profile of the guarantor;
 - 3) Investment policy which contains the following provisions:
 - a) at least 80% of the Net Asset Value of the Investment Fund are invested in debt securities including Asset Backed Securities that is categorized as investment grade;
 - b) Investment Manager must compose its investment fund's portfolio with this following arrangements:
 - (1). At least 70% of NAV invested in:
 - (a). Securities issued, offered and or traded in Indonesia based on Indonesian regulation; and/or
 - (b). Debt securities traded offshore, but issued by:
 - (i) Government of the Republic of Indonesia;

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- (ii) Indonesian legal entity which is an Issuer and/or a Public Company as defined in Law Number 8 of 1995 concerning Capital Market;
 - (iii) Foreign entity which majority or all of its shares is owned directly or indirectly by Indonesian issuer or Public Company as mentioned in letter b) above, and the foreign entity is solely established to raise fund from overseas for the interest of the Issuer or Public Company; and/or
 - (iv) Foreign entity which majority or all of its shares is owned directly or indirectly by Indonesia State Owned Enterprise (SOE).
- (2). A maximum 30% of Net Asset Value (NAV) is invested in Securities traded in foreign stock exchange which information accessible via mass media or internet.
- c) Investment Manager is prohibited from changing securities portfolio as mentioned in number a) above, except for investor redemption or due to a decline in securities rating;
 - d) Investment Manager may invest in derivative without any obligation to own the underlying securities;
 - e) If Investment Manager invest in derivative, the Investment Manager must provide additional information concerning such investment, including:
 - (1). Type of derivative;
 - (2). Maturity date (if any);
 - (3). Underlying asset;
 - (4). Premium;
 - (5). Counterparty;
 - (6). Calculated cash at maturity;
 - (7). Risks of derivative;
 - f) Investment Manager must describe the percentage of Net Asset Value of Guaranteed Fund that will be invested in debt securities and money market instruments; and
 - g) Investment Manager must explain the criteria for selecting securities and or money market instruments.
- 4) Period of Public Offering of shares or Participation Unit;
 - 5) Minimum and maximum number of share or participation unit offered; and
 - 6) Guaranteed Fund must announce and report its Net Asset Value at least once a month.

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- d. Investment Manager must disclose in prospectus and /or disclosure document the performance or indicated returns of a Guaranteed Fund that will be received by shareholder or participation unit holders in the future, with the following requirements:
 - 1) Detailed description of performance or indicated return calculation, including the likelihood to achieve the performance and indicated return;
 - 2) Reason for the assumption of the calculation the likelihood to achieve the performance and the indicated return;
 - 3) Explain investment risks bared by the shareholder or participation unit holders of Protected Fund in relation to assumption and calculation of performance and indication of returns, which at least contains the following items:
 - a) market risk;
 - b) derivative risk;
 - c) interest rate risk;
 - d) credit risk;
 - e) foreign exchange risk;
 - f) risk of industry that is a majority in portfolio;
 - g) liquidity risk borne by shareholder or participation unit holder
 - e. Disclosure document as stated in letter d must be submitted to Bapepam and LK as part of the document of Registration Statement stated in Rule Number IX.C.5 concerning Registration Statement for a Public Offering of an Investment Fund in the Form of a Collective Investment Contract.
8. In the case that investment manager intends to issue Index Fund as mentioned in number 1 above, then:
- a. Investment manager must provide additional information in the prospectus which contains the following items:
 - 1) At least 80% of Net Asset Value of an Index Fund must be invested in securities that are member of the index;
 - 2) Investment in securities of an index as mentioned in point 1) above must be at least 80% in number of all securities of the index;
 - 3) the weight of each securities in the Index Fund must be a minimum of 80% and a maximum of 120% of the weight of each securities in the reference index;

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- 4) The tracking error of an Index Fund's performance compared to the reference index's performance.
 - b. Index Fund must submit report of Net Asset Value in accordance with Rule number X.D.1 concerning Investment Fund Reporting
 - c. Investment Manager must inform that Index Fund is accessible through mass media or internet.
 - d. CMFISA has a right to refuse proposed reference index by stating the reasons.
9. By no means undermining criminal stipulation in capital market, CMFISA may impose sanctions on any violation of this rule, as well as on any Party that causes the violations to occur.

Enacted in : Jakarta

Date : 31 May 2011

Chairman of Capital Market and Financial
Institutions Supervisory Agency

Signed

Nurhaida

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Based on the original documents
Head of General Affairs Division

Signed

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