

MINISTRY OF FINANCE OF REPUBLIC OF INDONESIA
CAPITAL MARKET AND FINANCIAL INSTITUTION SUPERVISORY AGENCY
DUPLICATE OF
DECISION OF THE CHAIRMAN OF CAPITAL MARKET AND FINANCIAL
INSTITUTION SUPERVISORY AGENCY
NUMBER: KEP-112/BL/2010
CONCERNING
GUIDELINES FOR THE SECURITIES PORTFOLIO MANAGEMENT FOR
INDIVIDUAL CLIENT'S INTERESTS
CHAIRMAN OF CAPITAL MARKET AND FINANCIAL INSTITUTION
SUPERVISORY AGENCY

Considering : that in order to enhance legal certainty for Investment Manager in managing Securities Portfolio for individual client's interests based on bilateral and individual fund management agreements, as stipulated in Capital Market and Financial Institution Supervisory Agency (CMFISA) Rule Number V.A.3 concerning Securities Company Conducting Business As An Investment Managers Licensing, it is deem necessary to establish Decision of The Chairman of Capital Market and Financial Institution Supervisory Agency Concerning Guidelines for the Securities Portfolio Management for Individual Client's Interests.

- In view of :
1. Law Number 8 of 1995 Concerning Capital Market (Statute Book Year 1995 Number 64, Supplement to the Statute Book Number 3608);
 2. Government Regulation Number 45 of 1995 Concerning Capital Market Organization (Statute Book Year 1995 Number 86, Supplement to Statute Book Number 3617) as mended by Government Regulation Number 12 of 2004 (Statute Book Year 2004 Number 27, Supplement to Statute Book Number 4372);
 3. Government Regulation Number 46 of 1995 Concerning Capital Market Examination (Statute Book Year 1995 Number 87, Supplement to Statute Book Number 3618);
 4. President of Indonesia Decree Number 45/M Year 2006;

HAS DECIDED:

To issue : DECISION OF THE CHAIRMAN OF CAPITAL MARKET AND FINANCIAL INSTITUTION SUPERVISORY AGENCY CONCERNING GUIDELINES FOR THE SECURITIES PORTFOLIO MANAGEMENT FOR INDIVIDUAL CLIENT'S INTERESTS

MINISTRY OF FINANCE OF REPUBLIC OF INDONESIA
CAPITAL MARKET AND FINANCIAL INSTITUTION SUPERVISORY AGENCY

Article 1

Provisions concerning Guidelines for the Securities Portfolio Management for Individual Client's Interests are regulated in Rule Number V.G.6 as stipulated in the Attachment of this Decree.

Article 2

Investment managers who at the time of enactment of this decree are managing Securities Portfolio for the interests of individual client's and the client's investment portfolio are managed individually, but not in accordance with the provisions of Rule Number V.G.6 Attachment of this Decree, shall comply with the provisions of Rule No V.G.6 Attachment of this decree no later than 3 (three) months after the enactment of this decree.

Article 3

- 1) Investment Manager who at the time of enactment of this decree are managing securities portfolio for client's interests individually, but the client's funds are managed in a single investment portfolio for the benefit of a group of customers, can still carry out managing the funds until the expiry of the management agreements funds term, or at most one year after the enactment of this Decree, whichever is reached first.
- 2) In the case of portfolio investments referred to in paragraph (1) is not stored in Custodian Bank, the investment portfolio containing money and / or customers Securities shall have been stored in Custodian Bank not later than 3 (three) months after the enactment of this decree.

Article 4

Investment managers who at the time of enactment of this decree are managing securities portfolio for individual client's interests, and that client's investment portfolio has been managed individually and has been stored in Custodian Bank, but the amount of the fund for each customer is less than 10,000,000,00000 (ten billion rupiahs), can still carry out the fund management until the expiry of the fund management agreement, or at most one year after the enactment of this Decree, whichever is reached first.

Article 5

Since the enactment of this decree, Investment Manager are prohibited from making a new agreement on bilateral and individuals client's funds management who are not in accordance with the provisions of Rule Number V.G.6 attachment of this decree.

Article 6

This Decision shall become effective since issuance date.

Enacted in : Jakarta

Date : April 16, 2010

Chairman of Capital Market and Financial
Institution Supervisory Agency

Signed

A. Fuad Rahmany

NIP. 060063058

Based on the original documents

Head of General Affair Division

Signed

Prasetyo Wahyu Adi Suryo

NIP 195710281985121001

ATTACHMENT

Decision of The Chairman of Capital Market
and Financial Institutions Supervisory

Agency Number : Kep- 112/BL/2009

Date : April 16, 2010

RULES NUMBER V.G.6 : GUIDELINES FOR THE SECURITIES PORTFOLIO
MANAGEMENT FOR INDIVIDUAL CLIENT'S
INTERESTS

1. Securities Portfolio Management for individual client's interests is a fund management services carried out by Investment Manager to a particular client based on a Securities Portfolio management agreement that gives full authority to Investment Managers to manage Securities Portfolio under agreements referred to.
2. Securities Portfolio as referred to in Number 1 of this Rule can be:
 - a. Securities issued and / or listed on domestic stock exchanges; and / or;
 - b. Foreign Securities as long as :
 - 1) The Securities has obtained effective notice, license, approval, registration, or legal statement from Capital Market regulators from countries where the securities were issued; and / or
 - 2) The Securities are traded on abroad stock exchanges whose information can be accessed through mass media or available internet facilities.
3. Investment Managers who will establish Securities Portfolio with Securities as stipulated in Number 2 letter b of this Rule shall first register the securities referred to CMFISA by delivering documents that contain at least the following information:
 - a. Types of Securities;
 - b. Name and address of the Securities Issuers including but not limited to phone numbers, fax, e-mail from such Securities Issuers;
 - c. Name and address of the Capital Market regulators from the countries where the securities were issued, including but not limited to phone numbers, fax, e-mail from the regulator referred to; and
 - d. Name and address of the Stock Exchanges where the securities were listed, including but not limited to phone numbers, fax, e-mail of the Stock Exchange (if the Securities are listed in the Stock Exchange).
4. In addition to the Securities Portfolio as stipulated in Number 2 of this Rule, Investment Manager may invest in:
 - a. Deposits Certificates at most 25% (twenty five percent) of asset under management for each client, and / or
 - b. Investment Units of Collective Investment Contracts and / or mutual fund shares issued by the same Investment Manager with the Investment Manager who manages Securities Portfolio for individual client's, as long as it contained in the agreement.

ATTACHMENT

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5. Total investments in deposits certificates, as stipulated in Number 4 letter a of this Rule, may exceed that 25% (twenty five percent) limit as long as the investment increase are due to:
 - a. temporary funds placement; and / or
 - b. Stock Portfolio impairment due to market price movements.
6. Total initial Asset Under Management for each client on Securities Portfolio management for individual client's interests at least 10,000,000,000, 00 (ten billion rupiahs).
7. Total asset under management for each client can be decreased to less than 10,000,000,000, 00 (ten billion rupiahs) as long as the decline is happening because of Portfolio Securities market price movements.
8. Funds and / or client's securities shall be stored on behalf of each client in:
 - a. Custodian Bank; or
 - b. Custodian of Securities Companies that meet the specific requirements set forth by the CMFISA.
9. Clients in Securities Portfolio management for individual client's interests can be individual clients or corporation.
10. Investment managers are prohibited from having Affiliations relationship with Custodian Bank, unless affiliation is a concern because of ownership or equity participation by the Government.
11. Designation of Custodian Bank may be done by clients with due regard to the provisions Number 10 of this Rule.
12. Investment Manager shall convey information to clients about investment risk's overview.
13. Investment managers shall implement the Securities valuation method with the following conditions:
 - a. Securities listed on the Stock Exchange valuation are obliged to use the provisions as stipulated in Rule Number IV.C.2 concerning Fair Market Value; and
 - b. Securities that are not listed on Stock Exchange valuation are obliged to use valuation methods that have been agreed in the agreements between customers and Investment Managers consistently.
14. Securities Portfolio Management for individual client's interests Agreement and its amendments shall be submitted by Investment Managers to CMFISA at the latest 10 (ten) working days from the date of the agreement signed.
15. In the case report submission deadline as stipulated in Number 14 are coincide with holiday, the report referred to must be submitted to CMFISA on the first working day after the holiday referred to.

ATTACHMENT

Decision of The Chairman of Capital Market
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16. Securities Portfolio Management for individual client's interests Agreement shall at least contain:
 - a. Investment Manager's identity, Custodian Banks, and clients involved in the agreement;
 - b. Investment Manager's duties and responsibilities;
 - c. Investment Manager's obligations to store funds and / or client's Securities in Custodian Banks;
 - d. client's rights;
 - e. periodic reports submit to client's about managed fund development and / or securities;
 - f. investment objectives;
 - g. investment policy;
 - h. costs;
 - i. overview of investment risk;
 - j. Securities valuation methods applied;
 - k. term of agreement;
 - l. designation from Judicial Institute, the Indonesian Capital Market Arbitration Board (BAPMI), or other alternative dispute settlement institution as an institution to resolve disputes and civil disputes between Parties; and
 - m. termination provisions of the agreement.
17. Duties and responsibilities of Investment Manager as referred to in Number 16 letter b of this Rule shall at least contain:
 - a. fund management and / or client's Securities in accordance with the Securities Portfolio Management Agreement for the interests of individual clients;
 - b. savings accounts separation, and / or securities for each client with Investment Manager accounts or other accounts;
 - c. organizing the bookkeeping separation for each client;
 - d. investment risks description undertaken by Investment Manager to clients; and
 - e. Securities valuation methods as follows:
 - 1) Securities that listed on the Stock Exchange must be valued based on the valuation methods stipulated in Number IV.C.2 concerning Fair Market Value of the Securities Portfolio of Investment Fund.

ATTACHMENT

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- 2) Securities that are not listed on Stock Exchange must be valued based on valuation methods that have been agreed in the agreements between customers and Investment Managers consistently.
18. In Securities Portfolio Management for individual client's interests, Investment Manager shall not:
 - a. invest in others than securities;
 - b. engaged in an over-the-counter transactions for Securities portfolio of its own Collective Investment Contract Investment Fund managed by Investment Manager's itself; and
 - c. using an agent to propose Client Fund Management services to prospective clients.
19. Investment Manager shall in good faith and full responsibility to run the best possible job solely for the benefit of clients.
20. Investment managers are required to apply KYC principles as set forth in Rule No. V.D.10 concerning 'Know Your Client' principles by Financial Services Provider in Capital Market.
21. By no means of undermining criminal provisions in capital market, CMFISA may impose sanctions against any violation of this rule, as well as against any Person who causes such violation to occur.

Enacted in: Jakarta

Dated: 16 April 2010

Chairman of Capital Market and
Financial Institutions Supervisory Agency

Signed

A. Fuad Rahmany

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Head of General Affair Division

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