

**RULE NUMBER III.B.4 : PROCEDURES FOR MAKING AND PROPOSING  
AN ANNUAL BUDGET AND PROFIT  
UTILIZATION PLAN OF A CLEARING  
GUARANTEE INSTITUTION**

---

Attachment :  
Decision of the Chairman of Bapepam  
Number : Kep-10/PM/1996  
Date : January 17, 1996

1. An annual budget and profit utilization plan of a Clearing Guarantee Institution shall be made based on considerations that:
  - a. the purpose of establishing a Clearing Guarantee Institution is to provide fair, orderly, and efficient clearing and settlement of Exchange Transactions;
  - b. the service charges must be determined by the Clearing Guarantee Institution based on the need to maintain and develop the Clearing Guarantee Institution after considering the interests of its users; and
  - c. in the event that the funds needed to maintain and develop the Clearing Guarantee Institution are sufficient, the charges may be reduced.
2. The annual budget and profit utilization plan of the Clearing Guarantee Institution must endeavor to achieve Capital Market efficiency and to improve the fairness, orderliness, and efficiency of clearing and guarantee services for Exchange Transactions.
3. The budget and profit utilization plan of the Clearing Guarantee Institution shall be submitted in the form of work plan and annual budget.
4. The work plan and the annual budget of the Clearing Guarantee Institution must be organized in an accurate, timely, and systematic manner and shall contain the following:
  - a. the goals;
  - b. performance with respect to the current budget;
  - c. restrictions faced; and
  - d. assumption and measurements used in the budget.
5. The work plan and annual budget shall include at least:
  - a. a work plan of the Clearing Guarantee Institution which describes its activities to provide:
    - 1) clearing services; and
    - 2) management of the risk guarantee;
  - b. the revenues of the Clearing Guarantee Institution which are received from:
    - 1) clearing fees; and

- 2) guarantee fees;

the budget expenditures of the Clearing Guarantee Institution categorized by functions in accordance with the organizational structure of the Clearing Guarantee Institution, which among other things include:

- 1) clearing and settlement;
  - 2) guarantees and risk management;
  - 3) financial management;
  - 4) internal inspections;
  - 5) information technology; and
  - 6) human resources;
- d. the investment budget;
  - e. budget expenditures for wages and salaries and other benefits for both directors and commissioners of the Clearing Guarantee Institution; and
  - f. notes on contracts with material value including contracts between the Clearing Guarantee Institution and or its subsidiaries and:
    - 1) Persons Affiliated with the Clearing Guarantee Institution and or its subsidiaries; and
    - 2) Persons Affiliated with directors and commissioners of the Clearing Guarantee Institution.
6. The work plan and annual budget of the Clearing Guarantee Institution shall be made up of at least one year's books for the period of January 1 up to December 31 of the same year.
  7. The annual budget of the Clearing Guarantee Institution must be presented in a comparative form between the proposed budget and the performance under the current budget.
  8. By November 5, The Securities Exchange(s) that have a majority of the shares of the Clearing Guarantee Institution must submit to Bapepam the annual budget and profit-utilization plan of the Clearing Guarantee Institution for the coming year which is a part of the annual budget and profit utilization plan of the Securities Exchange(s) in accordance with Rule Number III.A.4 regarding the procedures for making and proposing the annual budget and profit utilization plan of a Securities Exchange.
  9. Notification of amendments, disapproval, or approval by Bapepam, and resubmission of the annual budget and profit utilization plan of the Clearing Guarantee Institution that is a part of the budget and profit utilization plan of a Securities Exchange shall comply with Rule Number III.A.4 concerning the procedures for making and proposing the annual budget and profit utilization plan of the Securities Exchange.

10. The Clearing Guarantee Institution must submit quarterly, cumulative reports on its performance with respect to the work plan and the annual budget to Bapepam through the board of commissioners. Such reports must be received by Bapepam within 12 (twelve) days after the end of the period.
11. The notes to financial statements of the Clearing Guarantee Institution shall contain at least:
  - a. expenses related to Persons Affiliated with directors and commissioners of the Clearing Guarantee Institution or its subsidiaries;
  - b. expenses relating to Persons Affiliated with the Clearing Guarantee Institution or its subsidiaries; and
  - c. expenses such as wages and salaries, other benefits, and facilities given to directors and commissioners of the Clearing Guarantee Institution or its subsidiaries.
12. This rule must be included in the articles of association of the Clearing Guarantee Institution.