

**MINISTRY OF FINANCE OF THE REPUBLIC OF INDONESIA
CAPITAL MARKET AND FINANCIAL INSTITUTIONS SUPERVISORY
AGENCY**

DUPLICATE OF

**DECISION OF THE CHAIRMAN OF CAPITAL MARKET
AND FINANCIAL INSTITUTIONS SUPERVISORY AGENCY**

NUMBER: KEP - 108/BL/2008

CONCERNING

CENTRAL SECURITIES DEPOSITORY COMMISSIONERS

**CHAIRMAN OF CAPITAL MARKET
AND FINANCIAL INSTITUTIONS SUPERVISORY AGENCY,**

- Considering :
- a. in order to make a make a save and sound, and has the competitive global power of the central securities depository, it is needed the supervisor that have a high competent and integrity and fulfilled the requirements as stipulated in the regulations;
 - b. that by looking the consideration on the above, it is deemed necessary to make a perfect of this rule by amended the requirements, procedures for nominating and proposing of the commissioners;
- In view of :
1. Law Number 8 year 1995 concerning the Capital Market (Statute Book year 1995 number 64, Supplement to the Statute Book Number 3608);
 2. Government Regulation Number 45 year 1995 concerning Capital Market Organization (Statute Book Year 1995 Number 86, Supplement to Statute Book Number 3617) as revised by Government Regulation Number 12 year 2004 (Statute Book Year 2004 Number 27, Supplement to Statute Book Number 4372);
 3. Government Regulation Number 46 year 1995 concerning Capital Market Formal Investigative Procedures (Statute Book year 1995 Number 87, Supplement to Statute Book Number 3618);
 4. Decree of the President of the Republic of Indonesia Number 45/M year 2006;

HAS DECIDED:

To enact : **DECISION OF THE CHAIRMAN OF CAPITAL MARKET
AND FINANCIAL INSTITUTIONS SUPERVISORY
AGENCY CONCERNING CENTRAL SECURITIES
DEPOSITORY COMMISSIONERS**

Article 1

Provision concerning Central Securities Depository Commissioners is regulated in Rule Number Nomor III.C.8 as stipulated in the attachment of this Decision.

Article 2

With the enactment of this Decision, every provision that related to Clearing And Guarantee Institutions Commissioners as regulated in Rule Number III.C.3 Attachment of Chairperson Decision of Bapepam Number: Kep-14/PM/1996 dated January 17, 1996 concerning Requirements for Candidates of the Director and Commissioners of Central Securities Depository are declared do not apply.

Article 3

For the former Commissioners of Central Securities Depository who are in the position when this decision is enacted still has his term of office until expire.

Article 4

This Decision shall become effective since the date of its promulgation.

In order that all may be informed, it is ordered that this Decision be proclaimed by publication in the *State Gazette* of the Republic of Indonesia.

Enacted in : Jakarta
Date : April, 10 2008

Chairman of Capital Market And Financial
Institutions Supervisory Agency

Signed
A. Fuad Rahmany
NIP. 060063058

Based on the original documents
Head General Affairs Division

Signed

Prasetyo Wahyu Adi Suryo
NIP 060076008

ATTACHMENT

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

Number : Kep-108/BL/2008

Date : April 10, 2008

**RULE NUMBER III.C.8 : CENTRAL SECURITIES DEPOSITORY
COMMISSIONERS**

1. General
 - a. Central Securities Depository must have at least 2 (two) commissioners.
 - b. With regard to the item 1 letter a above, Bapepam and LK shall decide the sum of the Central Securities Depository Commissioners no later than 50 (fifty) days before the Shareholders General Meeting to appoint the commissioners of Central Securities Depository. The decision of Bapepam and LK still has effect until the next decision by Bapepam and LK.
2. Requirements For Commissioners
 - a. Every Commissioners must meet the following requirements:
 - 1) be individuals who have Indonesian citizenship and are legally competent;
 - 2) have a good character and morals;
 - 3) have never been declared bankrupt or been the directors or commissioners who were responsible for causing a company to go bankrupt;
 - 4) have never been found guilty of a criminal act;
 - 5) have never committed a disgraceful act in the Capital Market and in the financial sector;
 - 6) have never been involved in material violation of the Capital Market law and regulations;
 - 7) have a good understanding of the Capital Market law and regulations, and have a good vision of the Capital Market;
 - 8) be committed to the development of Central Securities Depository and Indonesian Capital Market;
 - 9) have a good understanding of the good corporate governance principles and of the risk management principles.
 - b. In addition to the requirements in the letter a above, the member of Board Commissioners must fulfill the following requirements:
 - 1) have experience for at least 2 (two) years in director position of an company in Capital Market field or finance company;

- 2) have experience for at least 5 (five) years in management position of the Capital Market institution, or been a leader in the financial service supervisory agency;
 - 3) have experience for at least 2 (two) years in director position of an organization authorized by Capital Market Law to regulate its own activities;
 - 4) have experience for at least 2 (two) years in director position of an organization authorized by Capitalmarket Law to regulate its own activities;
 - 5) have been a professional in the field of law, accountancy, or finance which has actively practised in the Capital Market for at least 5 (five) years.
- c. Composition of the commissioners:
- 1) in the case where there are 5 (five) commissioners or less, composition of the commissioners must have difference in history and/or difference in experience;
 - 2) in the case where there are more than 6 (six) commissioners, composition of the commissioners as referred to the item 2 letter c 1) must be fulfilled.
- d. Two or more commissioners must not be from the same company or from 2 (two) or more companies controlled either directly or indirectly by the same Person.
3. Procedures for Nominating and Proposing Commissioner Candidates
- a. Candidates for commissioners of the Central Securities Depository must be nominated and proposed by the Central Securities Depository shareholders or group of the Central Securities Depository shareholders who have at least 20% (twenty percent) of the Central Securities Depository's issued shares and have voting right. Every Central Securities Depository share holder can only be a member of one group of the Central Securities Depository share holder.
 - b. In nominating of the candidates, the Central Securities Depository shareholders or group of the Central Securities Depository shareholders who have at least 20% (twenty percent) of the Central Securities Depository's issued shares and have voting right must responsible for the selection of such candidates, must examine carefully their expertise and experience to fulfill the responsibilities as a commissioner in accordance with this rule and determine or recommend their compensation by considering the suggestion from Remuneration Committee referred to in the item 10 letter c of this rule (if any).
 - c. Candidates for commissioners of the Central Securities Depository must be submitted to Bapepam and LK in one package by the Central Securities Depository shareholders or group of the Central Securities

Depository shareholders who have at least 20% (twenty percent) of the Central Securities Depository's issued shares referred to the item 3 letter a of this rule and one of them must be determined as the president of the commissioner.

- d. The Central Securities Depository shareholders or group of the Central Securities Depository shareholders who have at least 20% (twenty percent) of the Central Securities Depository must submit to Bapepam and LK the names of the candidates for commissioners and attach the following documents in two pairs:
 - 1) curriculum vitae of the candidates;
 - 2) a statement letter from each candidate that he/she has fulfilled the requirements referred to the item 2 letter a item 3) to item 8) of this rule;
 - 3) a photocopy of the Identification Card from each of the candidates;
 - 4) a statement letter regarding the relationship or affiliation of the candidates with the members of the Exchange which they are member of the Central Securities Depository;
 - 5) a photocopy of diplomas and certificates of expertise that indicate the level of competence of the candidate (if any);
 - 6) a statement letter from each of the candidates which contains among others things willingness to be elected as a commissioner and willingness to work within the structure with other commissioners to implement the Central Securities Depository activities that are fair, orderly and efficient;
 - 7) a response to the questions in attachment 1 to this rule regarding the integrity of the candidate for commissioner using Form Number III.C.8-1;
 - 8) three (3) recent color photographs measuring 10 by 15 centimeters (postcard); and
 - 9) an explanation of the selection and examination process of candidates for commissioner from the shareholders of Central Securities Depository or group of the Central Securities Depository shareholders including the compensation package for the candidates declaring how the process was carried in a professional manner and not influenced by interest related to Affiliations or interest other than those of the Central Securities Depository in particular and the Capital Market in general;
- e. Proposal of the names of the candidates for commissioners by the majority shareholders of the Central Securities Depository referred to item 3 letter d above along with supporting documents as provided in item 3 letter d above must be obtained in complete form by Bapepam and LK at least 35 (thirty five) days before the Shareholders General

Meeting to appoints the commissioners of the Central Securities Depository. In the event there are deficiencies then the proposal is considered to be resubmitted on the date the missing material is submitted.

4. The Fit and Proper Test

- a. Each of the candidates must be passed the fit and proper test that tested by Committee which is formed by the Chairperson of Bapepam and LK;
- b. Members of the Committee as referred to in item 4 letter a above are contains of 5 (five) persons which are the Chairman of Bapepam and LK as a Chairperson and members of the committee, and four of members of the Committee are from the Eselon II officers of Bapepam and LK.
- c. Every fit and proper test must be presented by at least 3 (three) of the Committee members.
- d. Committee conducts the fit and proper test through the administrative examination, interview, and/or request for presentation.
- e. The fit and proper test is conducted to evaluate that the candidates of commissioners fulfill the requirements of integrity and competence.
- f. The requirements of integrity as referred to in item 4 letter e above are:
 - 1) legally competent;
 - 2) have a good character and morals;
 - 3) have never been declared bankrupt or been the directors or commissioners who were responsible for causing a company to go bankrupt;
 - 4) have never been found guilty of criminal act;
 - 5) have never committed a disgraceful act in the Capital Market and financial sector;
 - 6) have never been involved in a material violation of the Capital Market law and regulations; and
 - 7) be committed to the development of the Central Securities Depository and Indonesian Capital Market.
- g. The requirements of competence as referred to in item 4 letter d above are:
 - 1) have a good understanding of the Capital Market law and regulations, and have a good vision of the Capital Market field;
 - 2) have a good understanding of the good corporate governance principles and of the risk management principles; and
 - 3) have an enough history or enough experience as required by item 2 letter b or c above.

- h. Based on the result of the fit and proper test as referred to in item 4 letter d, Bapepam and LK shall submit the test result to the Central Securities Depository shareholders or group of the Central Securities Depository shareholders who have at least 20% (twenty percent) of the Central Securities Depository that proposed the candidates at least 14 (fourteen) days after the complete application accepted by Bapepam and LK.
5. When in the one package of the candidates of commissioners that proposed by the Central Securities Depository shareholders or group of the Central Securities Depository shareholders who have at least 20% (twenty percent) of the Central Securities Depository as referred to in item 3 letter a and letter c there is a candidate who fail from the fit and proper test, then the Central Securities Depository shareholders or group of the Central Securities Depository shareholders who have at least 20% (twenty percent) of the Central Securities Depository shall propose the other candidate as a replacement to Bapepam and LK at least 7 (seven) days after the result announcement of the fit and proper test by Bapepam and LK to the Central Securities Depository shareholders or group of the Central Securities Depository shareholders who have at least 20% (twenty percent) of the Central Securities Depository, which have met with item 2, and item 3 letter a, letter b, letter c, letter d, and letter e of this rule.
6. In the case all of the documents are completed and all of the requirements are fulfilled, Bapepam and LK shall submit the approval letter and the package list of the board commissioners candidates including the copy documents of the commissioner candidate to the directors of the Central Securities Depository no later than 7 (seven) days before the Shareholders General Meeting.
7. Director of the Central Securities Depository must submit the list of the candidates of the commissioner which approved by Bapepam and LK as referred to in item 6 with all of copy of the documents as referred to in item 3 letter d to all of the Central Securities Depository shareholders at least one working day after the list of the candidates is accepted by Bapepam and LK. The list of the candidates must be available and can be accessed by the Central Securities Depository shareholders and by public.
8. The Shareholders General Meeting and The Election procedure of the commissioners.
 - a. The announcement of invitation for the Shareholders General Meeting of the Central Securities Depository must be made 14 (fourteen) days before the date of the invitation. The announcement shall contain the agenda of commissioners appointment.
 - b. The invitation of the Shareholders General Meeting of the Central Securities Depository to elect commissioners must be made at least 14 (fourteen) days before the date of the Shareholders General Meeting. The invitation shall contain the agenda of commissioner's appointment.

- c. The commissioners will be chosen and elected from the package of the board of commissioner candidates based on the majority voice of the shareholders in the Shareholders General Meeting.
 - d. The Shareholders General Meeting of the Central Securities Depository to elect the commissioners must be chaired by the president director or in his absence by one of the other directors.
9. Board of Commissioners must meet at least once a month and the meeting shall be chaired by the president commissioner or in his absence by one of the other commissioners.
10. In conducting its daily activities Board of Commissioners may establish Audit Committee and Remuneration Committee with the requirements as follows:
 - a. The chairperson of the Audit Committee and the Remuneration Committee is one of the commissioners.
 - b. Audit Committee shall have duty to offer independent professional opinion to board of commissioners regarding reports or other matters submitted by directors to board of commissioners as well as to identify matters that should come under attention of board of commissioners. Audit Committee members must have expertise and experience in the field of law, accountancy, and finance.
 - c. Remuneration Committee is an ad hoc committee established by Board of Commissioners to study and suggest compensation including its scheme for commissioners of the Central Securities Depository or salary and other benefits for directors of the Central Securities Depository by taking into account each director's position along with its duty, responsibility, and other generally accepted standards.
11. Commissioners of the Central Securities Depository are to be given compensation in amounts that are proposed by the Central Securities Depository share holders as provided in item 3 letter a and letter c of this rule and by considering the proposal from the Remuneration Committee as referred to in item 10 letter c of this rule (if any), before The Shareholders General Meeting appoints the commissioners of the Central Securities Depository.
12. Compensation for commissioners of the Central Securities Depository referred to in item 11 of this rule must be approved and decided by The Shareholders General Meeting.
13. The term of office of commissioners is 3 (three) years, and they may be re-elected for 1 (one) more term that have met with the following conditions:
 - a. if a commissioner is elected to replace a commissioner who resigned before his/her term expires and/or when an additional commissioner is needed, the person is elected only for remainder of the term of the former commissioner; and

- b. the total term of office of the commissioners in the Securities Exchange, in the Clearing and Guarantee Institutions, and the Central Securities Depository is maximum 3 (three) times the term of office.
14. The term of office of the commissioners of the Central Securities Depository must expire at a different time than that of directors.
15. When commissioners no longer fulfill the requirements as referred in item 2 of this rule, they must be replaced at least 3 (three) months since they are no longer fulfill the requirements. The Central Securities Depository shareholders or group of the Central Securities Depository shareholders who have at least 20% (twenty percent) of the Central Securities Depository must propose the replacement of candidate of commissioners to Bapepam and LK which have met with the requirements in item 2 and item 4 of this rule.
16. In the case there are vacancy in the office of commissioner, the directors of the Central Securities Depository must report to Bapepam and LK at least 5 (five) working days since the vacancy are known by directors of the Central Securities Depository.
17. When filling the vacancy of the commissioner and/or when an additional commissioner is needed, must be met with the following requirements:
 - a. changing or adding of the commissioners must be met to the item 2 and item 3 of this regulation;
 - b. the nominated candidates of the commissioners must have willingness to work with other commissioners and there must not be objection from the existing commissioners;
 - c. adding of new commissioners must be met to the item 1 letter b and the implementation must be met to the item 2 and item 3 of this regulation.
18. The members of Board of Commissioners may be dismissed from their positions if the commissioners among other things:
 - a. lose their Indonesian citizenship;
 - b. are not legally competent;
 - c. do not posses a good character and morals;
 - d. have ever been declared bankrupt or been the directors or commissioners who were responsible for causing a company to go bankrupt;
 - e. are found guilty of criminal act;
 - f. commit a disgraceful act in the Capital Market and financial sector;
 - g. commit in a material violation of the Capital Market law and regulations;
 - h. not committed to the development of the Central Securities Depository;
 - i. fail or deemed not capable of handling duties; and or

- j. permanently absent.
19. By no means undermining Criminal Provisions in Capital Market, Bapepam and LK may impose sanctions on any violations of this rule, as well as on any Person that causes the violations to occur.

Enacted in : Jakarta
Date : April 10, 2008

Chairman of Capital Market and
Financial Institutions Supervisory Agency

Signed

A. Fuad Rahmany
NIP. 060063058

Based on the original documents
Head of General Affairs Division

Signed

Prasetyo Wahyu Adi Suryo
NIP 060076008

LIST OF QUESTIONS

I. DIRECTION TO ANSWER THE QUESTIONS

1. The list of the questions is related to the integrity must be answered by each of the candidate.
2. Please give the tick (√) in the box in front of the word "Yes" if your answer is "Yes" or give the tick (√) in the box of the word "No" if your answer is "No".
3. For every "Yes" answer, the candidate must give the clear and detail answer that contain:
 - a. institutions and related persons;
 - b. cases and the date of the actions that been taken;
 - c. or institutions that toke the action.
 - d. actions or sanctions.

II. Integrity of the Commissioner Candidate

Definition

Investment is an activity over the securities, banking, insurance, or real estate including direct or indirect activities related to the Securities Company, Investment Adviser, Bank or other company in the financial field.

Please, answer these questions:

1. In the last 10 (ten) years, have the candidate ever been punished, or convince guilty, or not file for suit against the accusation:
 - a. criminal act that involve the investment or related to the invesment, fraud, false statement or cover up, bribery, counterfeiting, or extortion?
 yes no
 - b. The other criminal act?
 yes no
2. did the court of justice:
 - a. have been declared bankrupt to the candidate?

yes no

b. in the last 10 (ten) years, the candidate is prohibit to activity in relation to the investment?

yes no

c. had been decided that the candidate involved in the investment activities, involved in a material violation of the regulations?

yes no

3. Did the Bapepam dan LK ever:

a. found the candidate make a false statement or committed carelessness?

yes no

b. found the candidate involved in a material violation of the Bapepam and LK regulations?

yes no

c. found the candidate responsible for causing a company that related to the investment which is its license, approval, or registration statement to be rejected, postponed, revoked, or limited?

yes no

d. ordering to reject, temporary stop, or revoke the license, approval or registration statement, or sanction to limit the activities of the candidate?

yes no

4. Did the other authority institutions in Indonesia or overseas ever:

a. found the candidate make a false statement, not submit the statement that been asked, dishonest, unfair, or unethical?

yyes no

b. found the candidate commit the activities that cause the license, approval, or registration statement to be rejected, temporary stoped, revoked, or limited?

yes no

- c. ordering to admonish the candidate in relation to his/her investment activities?
- yes no
- d. reject, temporary stop, or postpone the license, approval, or registration statement of the candidate to make an activity in the field of investment or limited his/her activities in investment.
- yes no
- e. revoke or temporary stop the candidate's license for capital market supporting professional e.g. accountant, notary, lawyer or appraisal?
- yes no
5. Did the Exchange, Clearing and Guarantee Institution and Central Securities Depository ever:
- a. found the candidate make the false statement or not disclose the fact?
- yes no
- b. found the candidate involved in a material violation of the regulations;
- yes no
- c. found that the candidate cause a company related to the investment which its license, approval or registration statement to be rejected, temporary stopped, revoked or limited?
- yes no
- d. to curb the candidate in his/her position as director or commissioner in the Exchange, Clearing member, or participant of the Central Securities Depository, by:
- 1) issuing or temporary stopping from his/her membership in the Exchange, Clearing and Guarantee Institution, and Central Securities Depository;
 - 2) impeding or stopping for temporary his/her relation to the Exchange, or other members of the Clearing or participant of the Central Securities Depository;
 - 3) limiting activity of the Exchange member or Clearing member or participant of the Central Securities Depository?

yes no

6. Have the candidate been pursued or being pursuit by a person in relation to the invesment or fraud?

yes no

7. Have the candidate been suited or being suit, or been charged or being charge by a person in a case of criminal or private?

yes no

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Applicant

Materai

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Full Name