

**RULE NUMBER V.G.1 : PROHIBITED INVESTMENT MANAGER  
CONDUCT**

Attachment :  
Decision of the Chairman of Bapepam  
Number : Kep-31/PM/1996  
Date : January 17, 1996  
Substitute Prior Decision  
Number : Kep-39/PM/1991  
Date : July 17, 1991

An Investment Manager is prohibited from:

1. making a recommendation to a client in the form of an investment management or consulting service for the purchase, sale or exchange of Securities without a rational basis to believe that the recommendation is suitable or appropriate for the client considering the information furnished by the client after a reasonable inquiry concerning the client's investment objectives, financial situation and needs, and any other information possessed by the Investment Manager;
2. placing an order to purchase or sell Securities for the account of a client before obtaining written authority from the client;
3. placing an order to purchase or sell Securities for the account of a client upon instruction of a third party, before obtaining written authority from the client regarding the third party;
4. exercising discretionary power to purchase or sell Securities for a client before obtaining written authority to do so from the client;
5. causing trading of Securities in a client's account that is excessive in volume or frequency based on the financial resources, investment objectives and nature of the account;
6. misrepresenting to a client, or prospective client, the qualifications of the Investment Manager, or the nature of the services provided or fees to be charged for such services, or omitting to state any material fact necessary to assure that statements made regarding qualifications, services provided and fees charged, are not misleading;
7. giving a report or recommendation to a client prepared by a Person other than the Investment Manager without disclosing the Person who has prepared the report or recommendation;
8. charging a client an unusually high fee compared to that charged by other Investment Managers providing similar services without disclosing to the client the availability of other services;
9. failing to disclose explicitly to clients, in writing, before rendering any advice with respect to which the Investment Manager has a conflict of interest that may bias the objectivity of the advice;
10. guaranteeing a client that a specific result will be achieved as a result of the advice to be given;
11. disclosing a client's identity, affairs, or investments to any third party except as otherwise provided by regulations and law; and
12. entering into, changing, extending, shortening or renewing any Investment Management contract without written approval from the client.