

RULE NUMBER V.D.1 : SUPERVISION OF REPRESENTATIVES AND EMPLOYEES OF SECURITIES COMPANIES.

Attachment

Decision of the Chairman of Bapepam

Number : Kep-27 /PM/1996

Date : January 17, 1996

Substitute Prior Decision

Number : Kep-37/PM/1991

Date : July 17, 1991

1. Every Securities Company must exercise continuous supervision over all Persons who are employed by or who are Representatives of the company.
2. The board of directors must exercise supervision or appoint representatives to supervise the Representatives who are not directors as well as all other employees of the company.
3. Every Securities Company must have a supervisory system to assure that the activities of all Representatives and employees of the company comply with all Capital Market rules.
4. The supervision system referred to in item 3 of this rule must include at least the following:
 - a. written supervision procedures which among other things must cover:
 - 1) the authority and responsibilities of every Representative and employee of the Securities Company;
 - 2) the opening and closing of client accounts;
 - 3) the handling of client complaints;
 - 4) the verification of client accounts; and
 - 5) examinations of clients' correspondence, orders, transactions and settlement of transactions;
 - b. a supervisory mechanism which is conducted by one or more supervisors to:
 - 1) periodically supervise and monitor the activities of Representatives and employees of the Securities Company; and
 - 2) periodically inspect each working unit of the Securities Company to ensure that the written procedures are enforced.
5. The opening and closing of client accounts referred to in item 4 letter a number 2) of this rule must have written approval from a supervisor.
6. The verification of client accounts referred to in item 4 letter a number 4) of this rule must be conducted frequently in order to prevent irregularities and abuses.
7. The examination of client correspondence, transactions, and orders by the Securities Company Representatives referred to item 4 letter a number 5) of this rule must be conducted continuously to prevent irregularities and abuse by the Representatives and employees of the Securities Company.
8. Securities Companies are responsible for the conduct of their Representatives and employees.