

**RULE NUMBER III.B.5 : PROCEDURES FOR APPROVAL OF THE
ARTICLES OF ASSOCIATION OF A
CLEARING GUARANTEE INSTITUTION**

Attachment :
Decision of the Chairman of Bapepam
Number : Kep-11/PM/1996
Date : January 17, 1996

1. The articles of association of a Clearing Guarantee Institution shall contain at least:
 - a. the purpose and objectives of the Company to conduct activities as a Clearing Guarantee Institution;
 - b. provisions regarding directors and commissioners which among other things include:
 - 1) qualifications of candidates for directors and commissioners of the Clearing Guarantee Institution as required by Rule Number III.B.3;
 - 2) the board of directors and the board of commissioners each shall be composed of no more than 7 (seven) people;
 - 3) the procedures for nominating candidates for directors and commissioners;
 - 4) members of the board of directors and the board of commissioners are elected for a 3 (three) year term of office and may be reelected;
 - 5) the terms of office of the directors of the Clearing Guarantee Institution must end at a different time than that of the commissioners; and
 - 6) a member of the board of directors may not be a director, commissioner, or officer of another company;
 - c. provisions regarding shares which among other things shall include:
 - 1) the shares of the Clearing Guarantee Institution are registered and have equal par value and voting rights;
 - 2) the shares of the Clearing Guarantee Institution must be owned only by Securities Exchanges, Securities Companies, Securities Administration Agencies, Custodian Banks, and other Persons approved by Bapepam; and
 - 3) a majority of the shares of the Clearing Guarantee Institution must be owned by Securities Exchanges;
 - d. provisions regarding transfer of Clearing Guarantee Institution shares, as follows:

- 1) shares of the Clearing Guarantee Institution may be transferred only to Securities Exchanges, Securities Companies, Securities Administration Agencies, Custodian Banks, or other Persons approved by Bapepam;
 - 2) shares of a Clearing Guarantee Institution may be transferred from a Securities Exchange to Persons other than a Securities Exchange as long as Securities Exchanges still own a majority of the Clearing Guarantee Institution shares; and
 - 3) when Clearing Guarantee Institution shares are owned by a Person who ceases to be qualified to own shares of the Clearing Guarantee Institution, the shares must be transferred to another qualified Person within 6 (six) months;
- e. a provision that a Clearing Guarantee Institution may not distribute dividends to shareholders.
2. the articles of association of a Clearing Guarantee Institution and any amendments thereto must be approved by Bapepam before submission to the Minister of Justice for approval.
 3. Applications for approval of the Articles of Association amendments thereto must be submitted to Bapepam in 4 (four) copies using Form Number III.B.5-1, attachment 1 of this rule, accompanied by the following documents:
 - a. the article of association or the amendments to be approved;
 - b. the minutes of the Shareholders' General Meeting;
 - c. the invitation for the Shareholders' General Meeting;
 - d. the agenda of the Shareholders' General Meeting; and
 - e. the attendance record of the Shareholders' General Meeting.
 4. The Application must explain the reasons for the amendments.
 5. In processing the application referred to item 3 of this rule, Bapepam will review the proposed amendments of the articles of association.
 6. Within 30 (thirty) days after receiving the application, Bapepam must give the applicant a notification letter that states:
 - a. the application is incomplete, using Form Number III.B.5-2 attachment 2 of this rule;
 - b. the application is rejected, using Form Number III.B.5-3 attachment 3 of this rule; or
 - c. the application is approved, using Form Number III.B.5-4 attachment 4 of this rule.
 7. If Bapepam does not respond to the application within the 60 (sixty) days referred to item 5 of this rule, the proposed articles of association and the amendments thereto become effective.

FORM NUMBER: III.B.5-1

Attachment : 1
Rule Number : III.B.5

Number : Jakarta,.....19..
Enclosure :
Subject : **Application for Approval of Amendments to Clearing Guarantee Institution Articles of Association.**

To:
Chairman of Bapepam
in –
Jakarta

We hereby request approval of amendments to the Clearing Guarantee Institution’s articles of association as follows:

1.
2.
3.

We submit the following explanation and documents for your consideration:

1.
2.
3.

Thank you for your attention.

PT
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.....
(Full Name and Position)

- cc:
1. Secretary of Bapepam;
 2. Heads of Bapepam Bureaus.

FORM NUMBER: III.B.5-2

Attachment : 2
Rule Number : III.B.5

Number : S- /PM/19... Jakarta,.....19..
Enclosure :
Subject : Request for Additional Information Regarding the Application for Approval of Amendments to Clearing Guarantee Institution Articles of Association.

To:
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At –
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Referring to your letter, number dated subject
....., please be informed that the application submitted needs clarification as follows:

- 1.
- 2.
- 3.

With respect to the above matters, we hereby inform you that your application for approval of amendments cannot be granted. Your application will not be further considered until you supply the information referred to above.

Please be advised accordingly.

CAPITAL MARKET SUPERVISORY
AGENCY

Chairman,

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NIP.

- cc:
- 1. Secretary of Bapepam;
 - 2. Heads of Bapepam Bureaus.

FORM NUMBER: III.B.5-3

Attachment : 3
Rule Number : III.B.5

Number : Jakarta,.....19..
Enclosure :
Subject : **Rejection of an Application for Approval of Amendments to Clearing and Guarantee Institution Articles of Association**

To:
.....
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At –
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Referring to your letter, number: dated applying for approval of an amendment to the Clearing Guarantee Institution’s articles of association, please be informed that your application is rejected for the following reasons:

- 1.
- 2.
- 3.

Please be advised accordingly.

CAPITAL MARKET SUPERVISORY
AGENCY

Chairman,

.....
NIP.

- cc:
- 1. Secretary of Bapepam;
 - 2. Heads of Bapepam Bureaus.

FORM NUMBER: III.B.5-4

Attachment : 4
Rule Number : III.B.5

Number : S- /PM/19... Jakarta,.....19..
Enclosure :
Subject : **Approval of an amendment to Clearing and Guarantee Institution Articles
of Association.**

To:
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At –
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Referring to your letter, number dated applying for approval of an amendment to the Clearing Guarantee Institution's Articles of Association, please be informed that your application for an amendment is approved.

Please be advised accordingly.

CAPITAL MARKET
SUPERVISORY AGENCY

Chairman,

.....
NIP.

- cc:
1. Secretary of Bapepam;
 2. Heads of Bapepam Bureaus.