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

DUPLICATE OF

DECISION OF THE CHAIRMAN
OF THE CAPITAL MARKET AND FINANCIAL INSTITUTIONS
SUPERVISORY AGENCY
NUMBER: KEP -133/BL/2006

CONCERNING

EXCHANGE TRADED FUND

CHAIRMAN OF THE CAPITAL MARKET AND FINANCIAL INSTITUTIONS
SUPERVISORY AGENCY,

Considering : that in order to provide alternative of investment Fund product in Capital Market sufficient legal protection to investors, it is deemed necessary to enact Decision of the Capital Market and Financial Institutions Supervisory Agency concerning Exchange Traded Fund;

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 2005;

HAS DECIDED:
To enact: DECISION OF THE CHAIRMAN OF THE CAPITAL MARKET AND FINANCIAL INSTITUTIONS SUPERVISORY AGENCY CONCERNING EXCHANGE TRADED FUND

Article 1
Provisions concerning Exchange Traded Fund are regulated in Rule Number IV.B.3 as stipulated in the Attachment of this Decision.

Article 2
This decision shall become effective since the date of its promulgation.

In order that all will be informed, this Regulation will be promulgated by publication in the State Gazette of the Republic of Indonesia.

Enacted in: Jakarta
Date: December 4, 2006

Chairman of Capital Market and Financial Institutions Supervisory Agency

Signed

A. Fuad Rahmany
NIP 060063058

Based on the original documents
Executive Secretary

signed

Abraham Bastari
NIP 060076245
RULE NUMBER IV.B.3: EXCHANGE TRADED FUND

1. In this rule, what is meant by:
   
a. Participative Dealer is an Exchange Member who signs an agreement with Investment Manager who manages Exchange Traded Fund (ETF) to sell or buy ETF Participation Unit for its own interest as well as for the Participation Unit Holder.

b. Sponsor is a Person who signs an agreement with Investment Manager who manages Exchange Traded Fund to participate in the form of cash and or Securities in order to create ETF Participation Unit.

2. Collective Investment Contract of ETF must comply with Rule Number IV.B.2 concerning Guidelines for Contract of Investment Fund In The Form Collective Investment Contracts and must contain at least the following provisions:
   
a. Collective Custody on Participation Units;

b. Procedure of creating Participation Unit of ETF, among others are:
   
1) type of Securities used as the underlying of ETF; and

2) minimum number of Participation Units which will be listed in the Securities Exchange;

c. Procedure of redemption on ETF Participation Unit to Investment Manager and that redemption is allowed only for Sponsor and Participative Dealer;

d. Maximum redemption executed by Investment Manager of from Sponsor and Participative Dealer is 10% from the total number of outstanding Participation Units of ETF on each of Exchange day;

e. Investment policy shall refer to Rule Number IV.C.3 concerning Guidelines for the Announcement of Net Asset Value of Open-end Investment Funds or Rule Number IV.C.4 concerning Protected Fund, Guaranteed Fund, and Index Fund, and shall comply the following provisions:
   
1) the structure of Securities portfolio which form the ETF shall contain liquid Securities; and

2) The liquidity level of Securities which form ETF portfolio shall be determined by Investment Manager and Custodian Bank;

f. the name of Securities Exchange where the ETF will be listed;

g. The obligation of Investment Manager to announce in Securities Exchange and report the daily Net Asset Value to after the closing of Securities trading at the Exchange as the indication of ETF Unit price.

h. The obligation of Investment Manager to announce the structure of ETF portfolio daily after the closing of Securities trading at the Exchange;

i. the obligation of Investment Manager to announce in the Securities Exchange the number of outstanding ETF Units when there is any change of the number; and

j. the mechanism of ETF Unit Holder General Meeting (if any).
3. Investment Manager shall make a contract with a Sponsor if in the creation of the ETF involves a Sponsor. The contract shall consist of the following matters as follows:
   a. the minimum number of in kind Securities or cash paid by Sponsor which will be used to buy Securities to form the ETF portfolio; and
   b. commitment period of the Sponsor not to do redemption.

4. In order to create ETF market liquidity, the Investment Manager must construct form a contract with Participative Dealer(s).

5. In the case there is a change in the number Participative Dealer; Investment Manager must announce it in the Securities Exchange.

6. The redemption of the ETF to Investment Manager may only be performed by Sponsor and Participative Dealer with the following provisions:
   a. If the redemption paid with Securities of ETF portfolio, then:
      1) the value of the Securities is calculated based on fair market value; and
      2) If the Securities mentioned in letter a is not available, then the payment must be made in cash in which its value is calculated based on Net Asset Value.
   b. if the payment is made in cash, the value is calculated based on Net Asset Value.
   c. Investment Manager must announce in Securities Exchange where the ETF are traded, the request for ETF redemption made by Sponsor or Participative Dealer at the same day when the request is made.

7. When the ETF Collective Investment Contract includes provisions concerning Participation Unit Holder General Meeting, the provisions must at least cover the following matters:
   a. Participation Unit Holder General Meeting may be carried out based on initiation of one Participation Unit Holder or more in which together represents 1/10 of the total number of outstanding ETF;
   b. Announcement, Invitation, and Schedule of Participation Unit Holder General Meeting:
      1) The announcement of Participation Unit Holder General Meeting must be made no later than 14 (fourteen) days before the Invitation is circulated and the Invitation must be informed in at least one Indonesian Newspaper with that has national wide circulation no later than 14 (fourteen) days before the Participation Unit Holder General Meeting is held;
      2) Participation Unit Holder General Meeting invitation must contain venue, time, procedure and agenda of the meeting;
      3) In the event the first Participation Unit Holder General Meeting fails to be held or fails to make decision, second Participation Unit Holder General Meeting shall be held;
      4) Invitation to the Second Participation Unit Holder General Meeting must be made at least seven days before the second Meeting with a notification that the first Meeting has already been held but it did not have a quorum or failed to make a decision; and
      5) The second Participation Unit Holder General Meeting may be held not sooner than 10 (ten) days and no later that 21 (twenty) days after the first meeting;
   c. quorum and decision of Participation Unit Holder General Meeting.

All rules published are translated from the original documents. If there is any hesitation regarding the rules, please refer to the original documents.
8. Before announcing the plan to hold Participation Unit Holder General Meeting in the Newspaper, the Investment Manager must submit detailed agenda of the Meeting to Capital Market and Financial Institutions Supervisory Agency (CMFISA) not later than 7 (seven) days before the announcement.

9. When the agenda of the Meeting is to replace Investment Manager or Custodian Bank, then the ETF owned by Investment Manager, Custodian Bank and or Affiliated Person does not have a voting right.

10. Investment Manager must submit the result of Participation Unit Holder General Meeting to CMFISA and announce it to public through at least one Indonesian Newspaper in which it has nationwide circulation and Securities Exchange not later than 2 (two) days after the Meeting is held.

11. To be able to do ETF Public Offering:
   a. Investment Manager must submit Registration Statement to CMFISA by fulfilling the following provisions:
      1) Rule Number IX.C.5 concerning Registration Statement for a Public Offering of an Investment Fund in the Form of a Collective Investment Contract;
      2) Submit document on preliminary listing agreement between Investment Manager with Securities Exchange where the ETF will be listed; and
      3) Submit document on agreement between Investment Manager and Sponsor and between Investment Manager and Participative Dealer.
   b. Registration Statement of ETF as referred to in letter a has been declared effective.

12. Prospectus of ETF must fulfill provisions as referred to in Rule Number IX.C.6 concerning The Form and Content of a Prospectus for a Public Offering of an Investment Fund, and contains:
   a. information as referred to in number 2 of this rule:
   b. Main agreement between Investment Manager with and Participative Dealer and names of Participative Dealer; and
   c. Main agreement between Investment Manager and Sponsor and names of Sponsor (if the agreement concerned is available)

13. Initial listing of ETF must be done no later than 10 (ten) days since its Registration Statement becomes effective.

14. The ETF issued after initial listing must be listed at least one working day since the issuance of the respective ETF.

15. Information as referred to in provision number 7 letter b point 1), point 2) and number 10 must also be announced via Media which can be assessed by public, among others are:
   a. Investment Manager web site; and
   b. Web site or electronic information dispersion media provided by Stock Exchange where the ETF is traded.

16. Participative Dealer must have the ability to create liquid trading of ETF.

17. In order to create market liquidity, Participative Dealer is allowed to buy and sell the ETF with the following provisions:
   a. Participative Dealer must periodically or continuously submit sell or buy offer of the ETF in the trading system provided by Securities Exchange.
b. Participative Dealer is able and willing to accomplish transaction in number that has been committed in the Collective Investment Contract.

18. By no means of undermining criminal stipulation in Capital Market, CMFISA may impose sanctions on violation of this rule as well as any Party that causes the violation to occur.

Enacted in : Jakarta
Date : December 4, 2006

Chairman of Capital Market and Financial Institutions Supervisory Agency
Signed

A. Fuad Rahmany
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