

**RULE NUMBER III.A.5 : PROCEDURE FOR APPROVAL OF
THE ARTICLES OF ASSOCIATION
OF A SECURITIES EXCHANGE.**

Attachment :
Decision of The Chairman of Bapepam
Number : Kep-06/PM/1996
Date : January 17, 1996

1. The articles of association of a Securities Exchange shall contain at least:
 - a. the purpose and objectives of the company to conduct activities as a Securities Exchange;
 - b. provisions regarding directors and commissioners which among other things include:
 - 1) qualifications of candidates for directors and commissioners of the Securities Exchange as required by Rule Number III.A.3;
 - 2) the board of directors and the board of commissioners each shall be composed of no more than 7 (seven) people;
 - 3) the procedure 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 Securities Exchange must end at a different time than that of 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 Securities Exchange are registered and have equal par value and voting rights;
 - 2) the shareholders of the Securities Exchange can have only 1 (one) share;
 - 3) a Securities Company that ceases to be a member of the Securities Exchange may not use its voting right; and
 - 4) Securities Companies that become shareholders of a Securities Exchange may not have a relationship with another Securities Company that is also a shareholder of the same Securities Exchange through:
 - a) ownership, directly or indirectly, of at least 20% (twenty percent) of the shares with voting rights; and

- b) direct or indirect control of the company's management and or policies;
 - d. a provision that the Securities Exchange may not distribute dividends to shareholders; and
 - e. provisions regarding transfer of Securities Exchange shares, as follows:
 - 1) shares of the Securities Exchange may only be transferred to Securities Companies that are licensed as Broker-Dealers and are qualified to become Members of the Securities Exchange;
 - 2) shares of the Securities Exchange can be transferred only after the board of directors of the Securities Exchange has issued a statement that the transferee is qualified to be a Member of the Securities Exchange;
 - 3) a Securities Company that becomes a shareholder of a Securities Exchange but does not fulfill the requirements to be a Member of the Securities Exchange must transfer its Exchange share to another Securities Company that is qualified to be a Member, within 3 (three) months from the date of acquiring the share;
 - 4) a Securities Company that ceases to be member of a Securities Exchange must transfer its share to another Securities Company qualified to be a member, within 3 (three) months of the date that its membership was terminated.;
 - 5) when a Securities Company does not transfer its Securities Exchange share to another Securities Company as required in items 3) and 4), the Exchange must sell the share in auction to the highest bidder, within 3 (three) months after the deadline stipulated in item 3) and 4); and
 - 6) if the Securities Exchange share can not be sold within the time specified in item 5), the Securities Company must sell the share to the Exchange at par value and the Securities Exchange must buy the share at that price.
2. The articles of association of a Securities Exchange and 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 or amendments thereto must be submitted to Bapepam in 4 (four) copies using Form Number III.A.5-1 attachment 1 of this rule accompanied by documents as follows:
- a. the articles of association or the amendments to be approved;
 - b. the minutes of the General Meeting of Shareholders;
 - c. the invitation for the General Meeting of Shareholders;
 - d. the agenda of the General Meeting of Shareholders; and
 - e. the attendance record of the General Meeting of Shareholders.
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.A.5-2 attachment 2 of this rule;
 - b. the application is rejected, using Form Number III.A.5-3 attachment 3 of this rule; or
 - c. the application is approved, using Form Number III.A.5-4 attachment 4 of this rule.
7. If Bapepam does not respond to the application within the sixty (60) days referred to item 5 of this rule, the proposed articles of association and the amendments thereto become effective.

FORM NUMBER: III.A.5-1

Attachment : 1
Rule Number : III.A.5

Number : S- /PM/19... ..,.....19..
Enclosure :
Subject : Application for Approval of Amendments to
 Securities Exchange Articles of Association.

To:
Chairman of Bapepam
in -
 Jakarta

We hereby request approval of amendments to the Securities Exchange'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 Bursa Efek

(full Name)
.....
President Director

FORM NUMBER: III.A.5-2

Attachment : 2
Rule Number : III.A.5

Number : S- /PM/19....19...
Enclosure : -
Subject : Request for Additional Information Regarding the Application
for Approval of Amendments to
Securities Exchange Articles of Association.

To:
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in -
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Referring to your letter Number..... dated..... applying for approval
of amendments to theSecurities Exchange’s articles of association, please be
informed that the application submitted needs clarification as follows:

- 1.
- 2.
- 3.

Please be advised accordingly.

AGENCY

CAPITAL MARKET SUPERVISORY

Chairman,

.....
NIP

cc:

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

FORM NUMBER : III.A.5-3

Attachment : 3
Rule Number : III.A.5

Number : S- /PM/19....19....

Enclosure :

Subject : Rejection of an Application for Approval
of an Amendment to Securities Exchange Articles of
Association.

To:

Director ofSecurities Exchange

in -

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Referring to your letter Number: dated..... applying for approval of an amendment to theSecurities Exchange'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.A.5-4

Attachment : 4
Rule Number : III.A.5

Number : S- /PM/19.... Jakarta..... 19...

Enclosure :

Subject : Approval of an Amendment
to Securities Exchange Articles of Association.

To:

Director ofSecurities Exchange

in-

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Referring to your Letter Number dated applying for approval of an amendment to the Securities Exchange'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.