

To:

1. Directors of Securities Company Conducting Business Activities as A Broker-Dealer;
2. Directors of Indonesia Stock Exchange; and
3. Directors of Indonesia Central Securities Depository

DUPLICATE OF
FINANCIAL SERVICES AUTHORITY CIRCULAR LETTER
NUMBER 9/SEOJK.04/2014
CONCERNING
AMENDMENT OF CAPITAL MARKET AND FINANCIAL INSTITUTIONS SUPERVISORY
AGENCY CIRCULAR LETTER NUMBER: SE-16/BL/2012 CONCERNING
ELUCIDATION OF RULE NUMBER V.D.3 CONCERNING INTERNAL CONTROL OF
SECURITIES COMPANY CONDUCTING BUSINESS ACTIVITIES AS A BROKER-
DEALER

In order to further increase number of investors in the Capital Market through Securities Companies conducting business as a Broker-Dealer, it is necessary to amend the provisions of Capital Market and Financial Institutions Supervisory Agency Circular Letter Number: SE-16/BL/2012 concerning Elucidation of Rule Number V.D.3 concerning Internal Control of Securities Company Conducting Business Activities as A Broker-Dealer dated 4 December 2012 by the Financial Services Authority Circular Letter as follows:

I. GENERAL PROVISIONS

Securities Company conducting business activities as a Broker-Dealer may appoint another party (outsourcing) to perform marketing functions, with the provision that the assignment of marketing function is implemented with reference to Rule Number V.D.9 concerning Guidelines for Securities Company Agent Agreement Exchange Member, Attachment of Decision of the Chairman of Capital Market and Financial Institutions Supervisory Agency Number KEP-28/PM/2000 dated 30 June 2000, as referred to provision number 13. a. 1) Rule Number V.D.3 Concerning Internal Control of Securities Company Conducting Business Activities as A Broker-Dealer, Attachment of Decision of the Chairman of Capital Market and Financial Institutions Supervisory Agency Number KEP-548/BL/2010 dated 28 December 2010.

II. AMENDMENT OF CIRCULAR LETTER

Provision number 10. e. 2) of Capital Market and Financial Institutions Supervisory Agency Circular Letter Number: SE-16/BL/2012 concerning Elucidation of Rule Number V.D.3 concerning Internal Control of Securities

Company Conducting Business Activities as A Broker-Dealer dated 4th December 2012 is annulled, so the provision number 10 reads as follows:

10. Outsourcing of Broker Dealer functions

Regarding outsourcing of Broker Dealer function to other parties as stipulated in number 13 Rule Number V.D.3, Broker Dealer shall meet the following requirements:

- a. Broker Dealer shall ensure that the performance standard of the functions outsourced which is at least equal to the performance of Broker Dealer functions as stipulated in Rule Number V.D.3.
- b. Activities related to reporting to the regulator is not included in the outsourced functions.
- c. Broker Dealer shall designate at least one employee to be responsible for the functions outsourced.
- d. In accordance with the provisions number 13.a. 1) Rule Number V.D.3, Broker Dealer may appoint other party (outsourcing) to perform marketing functions by referring to Rule Number V.D.9 regarding Guidance of Agency Agreement for Exchange Member Securities Company, Attachment of Decision of Chairman of Capital Market and Financial Institutions Supervisory Agency Number KEP-28/PM/2000 dated 30 June 2000.
- e. Broker Dealer activities are not categorized as outsourcing of marketing function, as long as they meet the following criteria:
 - 1) Broker Dealer performs marketing function by themselves and does not delegate the function to other party. Broker Dealer can accept reference regarding prospective investors from other Party to become its clients and then employee of the Broker Dealer performs marketing function in compliance with Rule Number V.D.3 and Rule Number V.D.10.
 - 2) Annulled.
 - 3) Broker Dealer maintains and keeps the confidentiality of client data as mentioned in Article 35 and Article 47 of Law Number 8 Year 1995 concerning Capital Market.
- f. In the event that Broker Dealer delegates the implementation of Custodian function to a custodian bank or other Broker Dealer that performs custodial function, hereinafter called Depository services provider, then the Broker Dealer is required to complete the following additional documents:
 - 1) The power of attorney of Broker Dealer on the handing over of the CSD and CGC system access to the Custodian service providers;
 - 2) Letter of notification to inform client that the Broker Dealer custodial function is handed over to the Custodian service providers;
 - 3) Confidentiality Agreement (non disclosure agreement) agreed by Broker Dealer and Custodian service providers; and
 - 4) The Custodian service providers are subject to the provisions of Article 47 of Law Number 8 Year 1995 concerning Capital Market.

III. CLOSING PROVISION

This Financial Services Authority Circular Letter shall become effective since the date of its enactment.

For public cognizance, it is ordered that this Financial Services Authority Circular Letter shall be promulgated in the Official Gazette of the Republic of Indonesia.

Enacted in Jakarta

Dated 3 June 2014

CHIEF EXECUTIVE OF CAPITAL
MARKET SUPERVISOR

Signed

NURHAIDA

Duplicate based on the original
Director of Law I,
Law Department

Signed

Tini Kustini