



Financial Services Authority  
of the Republic of Indonesia

DUPLICATE OF  
REGULATION OF FINANCIAL SERVICES AUTHORITY  
NUMBER 23/POJK.04/2016  
CONCERNING  
INVESTMENT FUNDS IN THE FORM OF COLLECTIVE INVESTMENT  
CONTRACTS

BY THE GRACE OF GOD ALMIGHTY

BOARD OF COMMISSIONERS OF FINANCIAL SERVICES AUTHORITY,

Considering : a. that in order to support the sound development and growth of Investment Funds as well as to increase the competitiveness of the Investment Funds industry at the international level, it is necessary to enhance the regulation on the management of Investment Funds in the form of Collective Investment Contracts;  
b. that according to the considerations as referred to in letter a, it is necessary to enact the Regulation of Financial Services Authority concerning Investment Funds in the Form of Collective Investment Contracts;

In view of : 1. Law Number 8 of 1995 concerning Capital Market (State Gazette of the Republic of Indonesia Number 64 of 1995, Additional State Gazette of the Republic of Indonesia Number 3608);  
2. Law Number 21 of 2011 concerning Financial Services Authority (State Gazette of the Republic of Indonesia No. 111 of 2011, Additional State Gazette of the Republic of Indonesia Number 5253);

HAS DECIDED TO:

Enact : REGULATION OF FINANCIAL SERVICES AUTHORITY CONCERNING INVESTMENT FUNDS IN THE FORM OF COLLECTIVE INVESTMENT CONTRACTS.

## CHAPTER I GENERAL PROVISIONS

### Article 1

In this Regulation of Financial Services Authority, the following terms shall mean:

1. An Investment Fund is a vehicle used by an Investment Manager to gather funds from the public for investment in a Securities Portfolio.
2. A Collective Investment Contract is the contract between Investment Manager and Custodian Bank that binds the Participating Unit holder, in which the Investment Manager is given the authority to manage collective investment portfolio and Custodian Bank is given the authority to conduct Collective Custody.
3. A Participating Unit is a measurement unit to indicate each Stakeholders' stakes in the collective investment portfolios.
4. An Investment Manager is a Party other than an insurance company, pension fund or bank with respect to its own lawful activities, that, as a

business, manages Securities Portfolios or collective investment portfolios for clients or groups of clients.

5. A Custodian is a Party who provides safekeeping services with respect to Securities and Securities-related assets and other services, including collection of dividends, interest, and other entitlements, the settlement of Securities transactions, and agency services for clients who are account holders.
6. A Custodian Bank is a Commercial Bank that has obtained approval from the Financial Services Authority as a Custodian.
7. A Registration Statement is the set of documents that must be submitted to the Financial Services Authority by an Issuer in a Public Offering or by Public Company.
8. A Prospectus is written information that is intended to induce another Party to buy Securities in a Public Offering.
9. Debt Securities are Securities showing debt and receivables relation between the Securities holder (creditor) and the Securities issuer (debtor).
10. The Fair Market Value of Securities is the value that may be obtained from Securities transactions between independent Parties not due to coercion or liquidation.
11. Participating Unit Transactions are transactions of sale, repurchase, repayment, and/or transfer from a Participating Unit of Investment Funds to Participating Unit of other Investment Funds managed by the same Investment Manager.
12. An Affiliate is:
  - a. a family relationship by marriage and descent to the second degree, horizontal as well as vertical;
  - b. a relationship between a Party and its employees, directors, or commissioners;

- c. a relationship between two companies with one or more directors or commissioners in common;
- d. a relationship between a company and a Party that directly or indirectly, controls or is controlled by that company;
- e. a relationship between two companies that are controlled directly or indirectly by the same Party; or
- f. a relationship between a company and a substantial shareholder.

13. Sharia Securities are Securities as stipulated in the Law concerning Capital Market and its implementing regulations whose:

- a. contracts, management method, business activities;
- b. underlying assets of the contracts, management method, business activities; and/or
- c. assets related to the Securities and their issuers,

are not in contradiction with Sharia Principles in Capital Market.

## CHAPTER II

### GUIDELINES ON THE MANAGEMENT OF INVESTMENT FUNDS IN THE FORM OF COLLECTIVE INVESTMENT CONTRACTS

#### Article 2

- (1) Investment Manager and Custodian Bank are obligated to conduct faithfully and responsibly their duties for the interests of Investment funds in accordance with the provisions of laws and regulations.
- (2) In the event that the Investment Manager and/or Custodian Bank does not conduct its obligation as referred to in clause (1), the Investment Manager and/or Custodian Bank are obligated to be

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responsible for all losses arising from their respective actions.

## Section One

### The Name of Investment funds in the Form of Collective Investment Contracts

#### Article 3

- (1) The name of Investment funds in the form of Collective Investment Contracts must contain:
  - a. the name of Investment Manager;
  - b. a name that reflects the type of Investment funds; and
  - c. the denomination of foreign currency used, if using other currency than Rupiah.
- (2) The name of Investment funds in the form of a Collective Investment Contracts is prohibited from:
  - a. having the same name as other Investment Funds;
  - b. indicating that the Investment Funds has certain benefits that may not be true;
  - c. indicating that the Investment Manager has certain advantages that may not be true; and/or
  - d. being inconsistent with the investment policy of the Investment Funds.

## Section Two

### Securities Portfolio of Investment Funds in the Form of Collective Investment Contracts

#### Article 4

- (1) Investment Manager is obligated to determine the Securities Portfolio composition of Investment funds in the form of Collective Investment Contracts under the following conditions:
  - a. at least 85% (eighty five percent) of the Net Assets Value of Investment funds is invested in:

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1. Securities issued, offered, and/or traded in Indonesia according to law and regulations in Indonesia;
2. Securities traded overseas yet issued by:
  - a) the Government of the Republic of Indonesia;
  - b) Issuers and/or Public Companies with Indonesian legal entities;
  - c) foreign legal entities whose shares are fully or in majority, directly or indirectly, owned by the Issuer or Public Company as referred to in letter b) and foreign legal entities specifically established to raise funds from overseas for the benefit of the Issuer or Public Company; and/or
  - d) foreign legal entities whose shares are fully or in majority, directly or indirectly, owned by State-Owned Company; and/or
3. domestic money market instruments;

b. at a maximum of 15% (fifteen percent) of the Net Assets Value of Investment Funds is invested in Securities traded at foreign Securities Exchanges whose information can be accessed from Indonesia through mass media or websites.

(2) In the event that the Investment Funds in the form of Collective Investment Contracts invest in Securities traded overseas issued by foreign legal entities as referred to in clause (1) letter a number 2 letter c) and/or letter d), the Investment Manager of the Investment funds is obligated to provide the Custodian Bank with information on the name and percentage of ownership of the Issuer, Public Company, and/or State-Owned Enterprises that owns either directly or indirectly the foreign legal

entity issuing the Securities simultaneously with the submission of payment instructions for transaction settlement to the Custodian Bank.

#### Article 5

- (1) Investment funds in the form of Collective Investment Contracts may only invest in:
  - a. Securities offered through a Public Offering and/or traded in a Securities Exchange either domestically or internationally;
  - b. Securities issued and/or guaranteed by the Government of the Republic of Indonesia, and/or Securities issued by international institutions where the Government of the Republic of Indonesia becomes one of its members;
  - c. Debt Securities or fixed income Sharia Securities, which are not offered through a Public Offering and have been rated by a Securities Rating Company;
  - d. Asset-Backed Securities, which are not offered through a Public Offering and have been rated by a Securities Rating Company;
  - e. Domestic money market Securities, with maturity no longer than 1 (one) year, either in Rupiah or in foreign currencies;
  - f. Participating Unit of Real Estate Investment Funds in the form of Collective Investment Contracts, which is not offered through a Public Offering;
  - g. Derivative Securities; and/or
  - h. Other Securities determined by the Financial Services Authority.
- (2) Debt Securities or fixed income Sharia Securities, which are not offered through a Public Offering as referred to in clause (1) letter c must fulfil the following criteria:

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- a. being issued by:
  - 1. an Issuer or Public Company;
  - 2. a subsidiary of the Issuer or a Public Company, which is fully guaranteed by the Issuer or Public Company;
  - 3. a State-Owned Enterprise or a subsidiary of a State-Owned Enterprise;
  - 4. the Government of the Republic of Indonesia;
  - 5. Regional Government; and/or
  - 6. Financial Service Institutions, that have obtained a business license or are under the supervision of the Financial Services Authority;
- b. having an investment grade which is rated periodically at least once a year; and
- c. being deposited in Collective Custody at the Depository and Settlement Institution.

(3) Derivative Securities as referred in clause (1) letter g must fulfil the following criteria:

- a. being traded in:
  - 1. the Securities Exchange; or
  - 2. over-the-counter, provided that:
    - a) the derivative issuer (counterparty) is a Financial Service Institution that has obtained business license and/or under the supervision of the Financial Services Authority as well as obtained an investment grade from a Securities Rating Agency;
    - b) the valuation is performed on a daily and fair basis; and
    - c) derivative Securities may be sold or closed out at any time through offsetting transaction at fair value.
- b. having reference underlying instrument in the form of:

1. Securities; or
2. Securities Index, as long as fulfilling the following conditions:
  - a) the Securities index value is published on daily basis through mass media; and
  - b) information on the Securities index is published and publicly available; and
- c. not having a potential loss greater than the initial exposure value at the time of purchase of the derivative Securities.

## Article 6

- (1) An Investment Manager is prohibited from taking actions that may cause Investment Funds in the form of Collective Investment Contracts to:
  - a. own Securities traded in a foreign Securities Exchange whose information is not accessible from Indonesia through mass media or websites;
  - b. own Securities issued by 1 (one) Indonesian or foreign legal entity, traded in foreign Securities Exchanges of more than 5% (five percent) of the paid-in capital of the company or more than 10% (ten percent) of the Net Assets Value of the Investment Funds at any time;
  - c. own equity Securities issued by a company that has listed its Securities on the Securities Exchange in Indonesia of more than 5% (five percent) of the company's paid-in capital;
  - d. own Securities issued by 1 (one) Party of more than 10% (ten percent) of the Net Assets Value of the Investment funds at any time;
  - e. own derivative Securities:
    1. transacted over-the-counter with 1 (one) Financial Service Institution as referred to in Article 5 clause (3) letter a number 2

with an exposure value of more than 10% (ten percent) of the Net Assets Value of Investment Funds at any time; and

2. with a net global exposure value of more than 20% (twenty percent) of the Net Assets Value of Investment Funds at any time;
- f. own Asset-Backed Securities offered through a Public Offering of more than 20% (twenty percent) of the Net Assets Value of Investment Funds at any time, provided that each class of Asset-Backed Securities is not more than 10% (ten percent) of the Net Assets Value of Investment Funds at any time;
- g. own Debt Securities, fixed income Sharia Securities, Asset-Backed Securities, and/or Real Estate Investment Fund Participating Unit offered not through a Public Offering, issued by 1 (one) Party of more than 5% (five percent) of the Net Assets Value of Investment Funds at any time or in total of more than 15% (fifteen percent) of the Net Assets Value of Investment Funds at any time;
- h. own a Real Estate Investment Fund Participating Unit in the form of Collective Investment Contracts offered through a Public Offering of more than 20% (twenty percent) of the Net Assets Value of Investment Funds at any time provided that each Real Estate Investment Fund is not more than 10% (ten percent) of the Net Assets Value of Investment Funds at any time;
- i. own a Real Estate Investment Fund Participating Unit in the form of Collective Investment Contracts, if the Real Estate Investment Fund is in the form of Collective Investment Contracts and the Investment Funds in the form of Collective Investment

Contracts managed by the same Investment Manager;

- j. own Securities Portfolio in the form of Securities issued by an affiliated Party of the Investment Manager of more than 20% (twenty percent) of the Net Assets Value of Investment funds at any time, unless for Affiliate relations occurred due to ownership or capital participation of the Government of the Republic of Indonesia;
- k. own Securities issued by the Participating Unit holders and/or their affiliated Parties according to commitments agreed by the Investment Manager and the Participating Unit holders and/or their affiliated Parties;
- l. purchase Securities from the Participating Unit holders or prospective holders and/or their affiliated Parties unless done at fair market prices;
- m. engage in activities other than Securities investment, reinvestment, or trading as referred to in this Regulation of Financial Services Authority:
- n. engage in short-sell transactions;
- o. engage in margin transactions;
- p. receive direct loans including bonds or other debt Securities issuance, unless for short-term loans of a maximum period of 1 (one) month, in order to fulfill redemption and/or repayment transactions of a maximum of 10% (ten percent) of the Investment Funds Portfolio value upon the receipt of the loan;
- q. provide direct loans, unless for the purchase of bonds, other debt Securities, and/or bank deposit;
- r. purchase Securities offered in Public Offering, if the Underwriter of the Public Offering is a

Securities Company which is the Investment Manager itself or its Affiliate, unless:

1. the offered Debt Securities are investment grade; and/or
2. the offered Securities are oversubscribed;
- s. engage in joint transactions or profit-sharing agreement with the Investment Manager itself or its Affiliate;
- t. purchase Asset-Backed Securities, if:
  1. the Asset-Backed Securities and the Investment funds in the form of Collective Investment Contracts are managed by the same Investment Manager; and/or
  2. the Investment Manager of the Investment funds in the form of Collective Investment Contracts is affiliated with the originator of Asset-Backed Securities, unless the Affiliate relation occurs due to ownership or equity participation of the Government; and
- u. engage in repo and reverse repo transactions.

(2) The prohibition as referred to in clause (1) letter d is inapplicable to:

- a. Bank Indonesia Certificate;
- b. Securities issued and/or guaranteed by the Government of the Republic of Indonesia; and/or
- c. Securities issued by international financial institutions of which the Government of the Republic of Indonesia becomes a member.

(3) The prohibition as referred to in clause (1) letter g is inapplicable to Debt Securities and/or fixed income Sharia Securities issued by the Government of the Republic of Indonesia and/or Regional Government.

(4) The prohibition for Investment funds in the form of Collective Investment Contracts to purchase

Securities offered through a Public Offering from Affiliated Party with the Investment Manager as referred to in clause (1) letter r is inapplicable if the Affiliate relation occurs due to ownership or equity participation of the Government.

#### Article 7

- (1) In event that the composition of Securities Portfolio of Investment Funds in the form of Collective Investment Contracts is not aligned with the provisions as referred to in Article 4 clause (1), Article 6 clause (1) letter b, letter c, letter d, letter e, letter f, letter g, letter h, letter j, and letter p and/or the investment policy specified in the Collective Investment Contracts which are not caused by transaction by the Investment Manager, no later than 2 (two) exchange days since the composition of Securities Portfolio of Investment funds in the form of Collective Investment Contracts changes, the Custodian Bank is obligated to provide a notification letter to Investment Manager.
- (2) The Investment Manager is obligated to adjust the composition of Securities Portfolio of Investment Funds in the form of Collective Investment Contracts in accordance with the provisions as referred to in Article 4 clause (1), Article 6 clause (1) letter b, letter c, letter d, letter e, letter f, letter g, letter h, letter j, and letter p and/or investment policy specified in the Collective Investment Contracts no later than 20 (twenty) exchange days upon the receipt of the notification letter from the Custodian Bank and the adjustment period may be extended solely for the interest of the Investment Funds and the Participating Unit holders as long as it is approved by the Custodian Bank.
- (3) The adjustment of the Securities Portfolio composition of Investment funds in the form of

Collective Investment Contracts as referred to in clause (2) is obligated to be submitted by the Investment Manager to the Custodian Bank with a copy to the Financial Services Authority no later than 2 (two) business days since the adjustment was made.

#### Article 8

- (1) In the event that the composition of Securities Portfolio of Investment Funds in the form of Collective Investment Contracts is not aligned with the provisions as referred to in Article 4 clause (1), Article 6 clause (1) letter b, letter c, letter d, letter e, letter f, letter g, letter h, letter j, and letter p and/or investment policy specified in the Collective Investment Contracts caused by the transaction by the Investment Manager, no later than 2 (two) exchange days since the composition of Securities Portfolio of Investment funds in the form of Collective Investment Contracts changes, the Custodian Bank is obligated to provide a notification letter to the Investment Manager with a copy to the Financial Services Authority.
- (2) The Investment Manager is obligated to adjust the composition of Securities Portfolio of Investment Funds in the form of Collective Investment Contracts in accordance with the provisions as referred to in Article 4 clause (1), Article 6 clause (1) letter b, letter c, letter d, letter e, letter f, letter g, letter h, letter j, and letter p and/or investment policy that has been specified in the Collective Investment Contracts no later than 10 (ten) exchange days upon the receipt of the notification letter from the Custodian Bank.
- (3) In the event that the composition of Securities Portfolio of Investment Funds in the form of Collective Investment Contracts is not aligned with

the provisions as referred to in Article 4 clause (1), Article 6 clause (1) letter b, letter c, letter d, letter e, letter f, letter g, letter h, letter j, and letter p or investment policy that has been specified in the Collective Investment Contracts within time period as referred to in clause (2), the Custodian Bank is obligated to report it to the Financial Services Authority with a copy to the Investment Manager no later than 2 (two) exchange days from the expiration of adjustment deadline as referred to in clause (2).

#### Article 9

Investment Managers are prohibited from making changes in the investment policy of Investment Funds in the form of Collective Investment Contracts, unless for the purpose of:

- a. adjustments to new regulations and/or changes in laws and regulations; and/or
- b. adjustment to certain conditions determined by the Financial Services Authority.

#### Article 10

Custodian Bank is obligated to make payments for the purchase of Securities and other investments that will be part of the Securities Portfolio of Investment Funds in the form of Collective Investment Contracts or to receive payment for the sale of Securities or disbursement of other investments in the Securities Portfolio of Investment Funds in the form of Collective Investment Contracts made by the Investment Manager.

#### Article 11

The Custodian Bank is obligated to reject the Investment Manager's instruction in writing with a copy to the Financial Services Authority if the instruction clearly violates the rules and regulations in the Capital Market

sector and/or Investment Funds in the Form of Collective Investment Contracts.

### Section Three

#### The Net Assets Value of the Investment Funds

##### Article 12

The Custodian Bank is obligated to calculate the Net Assets Value per Participating Unit of Investment Funds in the form of Collective Investment Contracts every exchange day and announce it through the mass media.

##### Article 13

Investment Funds in the Form of Collective Investment Contracts is obligated to be denominated in Rupiah except the majority of Securities Portfolio of Investment Funds in the form of Collective Investment Contracts denominated in foreign currencies.

##### Article 14

- (1) The initial Net Assets Value for each Participating Unit of the Investment Funds is obligated to be set at Rp1,000.00 (one thousand Rupiahs) according to the Fair Market Value of the Securities Portfolio of Investment Funds in the form of Collective Investment Contracts submitted by the Investment Manager to the Custodian Bank.
- (2) The initial Net Assets Value for each Participating Unit of the Investment Funds denominated in foreign currency is obligated to be set at US\$ 1 (one Dollar United States) or EUR 1 (one Euro), or in a certain amount of other foreign currencies after obtaining approval from the Financial Services Authority.
- (3) The Net Assets Value of the Investment Funds as referred to in clause (1) and clause (2) is calculated further based on the Fair Market Value of the Securities Portfolio of Investment Funds in the Form

of Collective Investment Contracts submitted by the Investment Manager to the Custodian Bank.

(4) The initial Net Assets Value for each Participating Unit of Investment Funds in the Form of Collective Investment Contracts that is traded on the Securities Exchange may not follow the provisions as referred to in clause (1), as long as it has been specified in the Collective Investment Contracts and included in the Prospectus of Investment Funds in the Form of Collective Investment Contracts that is traded on the Securities Exchange.

#### Article 15

(1) In order to calculate the Net Assets Value of an open-ended Investment Funds in the Form of Collective Investment Contracts by Custodian Bank, the Investment Manager is obligated to calculate the Fair Market Value of Securities Portfolio of Securities of the Investment Funds in the Form of Collective Investment Contracts every exchange day and submit it immediately to the Custodian Bank.

(2) The calculation and submission of the Fair Market Value of Securities Portfolio of the Investment Funds in the Form of Collective Investment Contracts as referred to in clause (1) are obligated to be performed in accordance with the rules and regulations in the Capital Market sector governing the Fair Market Value of the Securities Portfolio of Investment Funds.

#### Section Four

##### The Transactions of the Participating Unit of Investment Funds in the Form of Collective Investment Contracts

#### Article 16

Investment Manager is obligated to have procedures for the Transactions of the Participating Unit of the

Investment Funds in the Form of Collective Investment Contracts.

Article 17

- (1) Investment Manager is obligated to ensure that all funds for the subscription of the Participating Unit of Investment Funds in the Form of Collective Investment Contracts are credited to an account in the name of the Investment Funds at the Custodian Bank no later than the end of exchange day when the complete subscription transaction order is submitted.
- (2) The subscription fund of the Participating Unit of Investment Funds in the Form of Collective Investment Contracts as referred to in clause (1) may only come from:
  - a. prospective holder of Participating Unit of Investment Funds in the Form of Collective Investment Contracts;
  - b. family members of prospective holder of Participating Unit of Investment Funds in the Form of Collective Investment Contracts;
  - c. the company where the prospective holder of Participating Unit of Investment Funds in the Form of Collective Investment Contracts is working; and/or
  - d. Investment Manager, Investment Funds Selling Agent and/or associations related to the Investment Funds, as a reward for marketing activities of the Participating Unit of Investment Funds in the Form of Collective Investment Contracts.
- (3) The source of funds originating from the parties referred to in clause (2) letter b, letter c, and letter d should have a statement letter and supporting evidence showing the relations between the prospective holders of Participating Unit of

Investment Funds in the Form of Collective Investment Contracts with the parties.

#### Article 18

- (1) The order of Participating Unit Transaction from the Participating Unit holder received in complete form by the Investment Manager:
  - a. until 13.00 Western Indonesia Time is obligated to be processed based on the Net Assets Value of the Investment Funds determined at the end of the relevant exchange day; or
  - b. after 13.00 Western Indonesia Time is obligated to be processed based on the Net Assets Value of the Investment Funds determined at the end of the next exchange day.
- (2) Provisions on Participating Unit Transaction for Investment Funds in the Form of Collective Investment Contracts that is traded in the Securities Exchange may not be subject to the provisions on Participating Unit Transaction as referred to in clause (1) as long as they have been specified in the Collective Investment Contracts and Prospectus of the Investment Funds in the Form of Collective Investment Contracts that is traded in the Securities Exchange.

#### Article 19

- (1) Transactions to transfer the Participating Unit of Investment Funds in the Form of Collective Investment Contracts to another Participating Unit of Investment Funds may only be performed between Investment Funds managed by the same Investment Managers.
- (2) Transaction to transfer the Participating Unit of Investment Funds in the Form of Collective Investment Contracts to another Participating Unit of Investment Funds are performed through

redemption mechanism of the Participating Unit of Investment Funds and sale of the other Participating Unit of Investment Funds in the Form of Collective Investment Contracts at the same time using the Net Assets Value per Participating Unit of each Investment Funds in accordance with the receipt of the complete transfer order as referred to in Article 18.

- (3) Investment Manager is obligated to ensure that the funds from the transaction to transfer the Participating Unit of Investment Funds in the Form of Collective Investment Contracts as referred to in clause (2) are received by the Investment Funds account at the Custodian Bank no later than 4 (four) exchange days upon the receipt of the complete transfer order.

#### Article 20

- (1) For the operational purposes of the Participating Unit of Investment Fund transaction, Custodian Banks may open accounts in the name of Investment Fund at other Banks upon written request from the Investment Manager.
- (2) The accounts in the name of Investment Fund at other Banks as referred to in clause (1) are obligated to be administrated by the Custodian Bank for the interest of the Investment Fund.

#### Article 21

Investment Manager on behalf of open-ended Investment Fund in the Form of Collective Investment Contracts is required to repurchase the Participating Unit of Investment Fund in the Form of Collective Investment Contracts sold by the Participating Unit holders.

## Article 22

Custodian Bank is obligated to ensure that the funds from the redemption of the Participating Unit or liquidation of Investment Fund is credited to bank accounts in the name of the Participating Unit holders of Investment Fund in the Form of Collective Investment Contracts.

## Article 23

- (1) Investment Manager may refuse the redemption and/or repayment or instruct the Investment Fund Selling Agent to refuse the redemption and/or repayment in the event of the following:
  - a. Securities Exchange where most of the Securities Portfolio of Investment Fund in the Form of Collective Investment Contracts traded is closed;
  - b. trading of Securities on most of the Securities Portfolio of Investment Fund in the Form of Collective Investment Contracts on the Securities Exchange is suspended;
  - c. force majeure; or
  - d. other matters specified in the Collective Investment Contracts after obtaining approval from the Financial Services Authority.
- (2) Refusal of redemption and/or repayment as referred to in clause (1), shall be performed after the Investment Manager notify the Financial Services Authority in writing with a copy to the Custodian Bank.
- (3) In the event that the policy of refusal of redemption and/or repayment as referred to in clause (1) is implemented, the following provisions apply:
  - a. The Investment Managers are prohibited from selling new Participating Unit; and
  - b. The Custodian Banks are prohibited from issuing new Participating Unit,

during the period of refusal of such redemption and/or repayment.

(4) Investment Manager is obligated to notify the Participating Unit holder in writing if refusal of redemption and/or repayment as referred to in clause (1) is implemented no later than 1 (one) business day after the date of the redemption and/or repayment order is received by the Investment Manager.

#### Article 24

Payment for the redemption and/or the repayment of Participating Unit to the Participating Unit holders shall be made no later than 7 (seven) exchange days since the redemption order is received by the Investment Manager in complete.

#### Section Five

##### Transfer of Ownership of the Participating Unit of Investment Fund in the Form of Collective Investment Contracts

#### Article 25

(1) Ownership of the Participating Unit of Investment Fund in the Form of Collective Investment Contracts may only be bestowed or transferred by Participating Unit holder of Investment Fund in the Form of Collective Investment Contracts to other Parties without the mechanism of sale, redemption, or repayment for:

- inheritance; or
- bequest.

(2) The transfer of ownership of the Participating Unit of Investment Funds in the Form of Collective Investment Contracts as referred to in clause (1) is obligated to be notified by the heir, grantor of bequest, or receiver of bequest, to the Investment

Manager or Investment Fund Selling Agent with supporting evidence in accordance with the laws and regulations to be subsequently administered at the Custodian Bank of Investment Funds.

- (3) The transfer of ownership of the Participating Unit of Investment Funds in the Form of Collective Investment Contracts as referred to in clause (1) must be performed in accordance with laws and regulations.
- (4) Investment Manager of the Investment Funds or Investment Funds Selling Agent appointed by the Investment Manager must apply the principle of know your customer, as stipulated in Regulation of Financial Services Authority on Know Your Customer Principles by Financial Services Providers in the Capital Market Sector to the recipient of the ownership transfer of the Participating Unit of Investment Funds for inheritance and/or bequests as referred to in clause (1).

## Section Six

### Issuance of the Participating Unit of Investment Funds in the Form of Collective Investment Contracts

#### Article 26

The Custodian Bank is obligated to:

- a. manage issuance of the Participating Unit of Investment Funds in the Form of Collective Investment Contracts;
- b. make redemption payments or repayment of the Participating Unit of Investment Funds in the Form of Collective Investment Contracts to the Participating Unit holders of Investment Funds in the Form of Collective Investment Contracts;
- c. conduct bookkeeping of Investment Funds; and

- d. take the necessary action to perform obligations in accordance with the Collective Investment Contracts of the Investment Funds.

#### Article 27

- (1) Custodian Bank is obligated to ensure that the Participating Unit of Investment Funds in the Form of Collective Investment Contracts is issued after the receipt of the subscription order for the Participating Unit of Investment Funds in the Form of Collective Investment Contracts in complete and the receipt of funds in the Investment Funds account administered by the Custodian Bank.
- (2) For the transfer transactions from the Participating Unit of an Investment Funds to a Participating Unit of another Investment Funds, the Custodian Bank is obligated to ensure that the issuance of Participating Unit of Investment Funds in the Form of Collective Investment Contracts is performed after the transfer order is received in complete by Investment Manager or Investment Funds Selling Agent.

#### Section Seven

##### Confirmation of Ownership of the Participating Unit and Reports to Participating Unit Holders of Investment Funds in the Form of Collective Investment Contracts

#### Article 28

- (1) Custodian Bank is obligated to issue and send a letter or written confirmation of Participating Unit ownership of Investment Funds in the Form of Collective Investment Contracts directly to Participating Unit holders for the execution of the Participating Unit holders' order.
- (2) Letter or written confirmation of the Participating Unit ownership of Investment Funds in the Form of

Collective Investment Contracts as referred to in clause (1) is obligated to be:

a. sent to Participating Unit holders no later than 7 (seven) exchange days after the Participating Unit is issued, for the sale of Participating Units; or

b. sent to Participating Unit holders no later than 7 (seven) exchange days upon receipt of the complete redemption order of the Participating Unit, for the redemption of the Participating Unit.

(3) Submission of letters or written confirmation of Participating Unit ownership of Investment Funds in the Form of Collective Investment Contracts to Participating Unit holders of Investment Funds in the Form of Collective Investment Contracts as referred to in clause (1) may be done through:

a. electronic media, if approval has been obtained from Participating Unit holders of Investment Funds in the Form of Collective Investment Contracts; and/or

b. delivery services.

## Article 29

(1) Custodian Bank is obligated to submit Investment Funds report to each Participating Unit holder of Investment Funds in the Form of Collective Investment Contracts in accordance with the provisions as stipulated in laws and regulations in the Capital Market sector governing Investment Funds report.

(2) Report to each Participating Unit holder of Investment Funds in the Form of Collective Investment Contracts as referred to in clause (1) shall be submitted through:

- a. electronic media, if approval has been obtained from Participating Unit holders of Investment Funds; and/or
- b. delivery services.

## Section Eight

### Costs in Management of Investment Funds

#### Article 30

In managing Investment Funds in the Form of Collective Investment Contracts, the costs incurred by the Investment Manager include the costs or fees of:

- a. preparation for the establishment of Investment Funds;
- b. administration for the management of Investment Funds;
- c. marketing;
- d. printing and distribution account opening forms and transaction forms;
- e. printing and distribution of the first Prospectus;
- f. liquidation of Investment Funds; and
- g. Sharia Supervisory Board and/or sharia experts, if related to the management of Sharithe Investment Funds.

#### Article 31

- (1) In managing the Investment Funds in the Form of Collective Investment Contracts, the costs that incurred by the Investment Funds include the costs or fees of:
  - a. Investment Manager;
  - b. Custodian Bank;
  - c. insurance for the Securities in the portfolio of Investment Funds, if any;
  - d. purchase and/or sale transaction of Securities Portfolio of Investment Funds;

- e. updating the Prospectus and its distribution;
- f. Accountant services who audit the Annual Financial Statement of Investment Funds; and
- g. other costs specified in the agreement.

(2) The Custodian Bank is obligated to pay the costs incurred by the Investment Funds as referred to in clause (1) in accordance with the orders of the Investment Manager.

### Article 32

In managing the Investment Funds in the Form of Collective Investment Contracts, the costs incurred by the Participating Unit holder include:

- a. selling fee, if any;
- b. redemption and/or repayment fee, if any;
- c. transfer fee from the Participating Unit of an Investment Fund to a Participating Unit of another Investment Funds, if any; and
- d. fund transfer fee related to the Participating Unit Transaction of Investment Funds, if any.

### Article 33

(1) In addition to the fees referred to in Article 30, Article 31, and Article 32, other fees in managing Investment Funds in the Form of Collective Investment Contracts exist, including:

- a. Legal Consultant fees;
- b. Notary fees; and/or
- c. Accountant fees.

(2) The fees referred to in clause (1) shall be incurred by the Investment Manager, Custodian Bank, and/or Investment Funds depending on which party benefits from or is at fault that the professional services are required.

Section Nine  
Participating Unit Transaction of Investment Funds  
Through Other Parties

Article 34

- (1) Investment Manager may enter into a partnership with Investment Funds Selling Agent related to the implementation of the Participating Unit Transaction of Investment Funds.
- (2) The partnership with Investment Funds Selling Agent as referred to in clause (1) is performed according to a written agreement between the Investment Manager with Investment Funds Selling Agent.
- (3) The partnership agreement between Investment Manager and Investment Funds Selling Agent as referred to in clause (2) is obligated to:
  - a. be written in Indonesian;
  - b. contain matters as stipulated in the Regulation of Financial Services Authority on Investment Funds Selling Agent; and
  - c. be submitted by the Investment Manager to the Financial Services Authority no later than 7 (seven) business days after the agreement is signed.
- (4) The partnership agreement between the Investment Manager and Investment Funds Selling Agent as referred to in clause (2) is obligated to be notified to the Custodian Bank of Investment Funds.

Article 35

- (1) In selling the Investment Funds Securities, the Investment Manager may enter into a partnership with other parties who have:
  - a. extensive network in its business activities in the form of providing places or sales outlets; and/or

- b. electronic systems that are tested for reliability.
- (2) Other parties who have electronic systems that are tested for reliability as referred to in clause (1) letter b are obligated to first obtain license, approval, or recognition from the authorized authority.
- (3) The partnership agreement between the Investment Manager and other parties as referred to in clause (1) is obligated to:
  - a. be written in Indonesian;
  - b. adhere to the provisions related to Participating Unit Transaction as stipulated in this Regulation of Financial Services Authority and other relevant regulations in the Capital Market sector and at least contain:
    - 1. the identity of each Party;
    - 2. the rights and obligations of each Party;
    - 3. compensation for the services of the outlet owner and/or electronic system owner and fees;
    - 4. the term of agreement; and
    - 5. the provisions of agreement termination.
- (4) The partnership agreement between Investment Manager and other parties as referred to in clause (3) is obligated to be submitted by the Investment Manager to the Financial Services Authority no later than 7 (seven) business days after the agreement is signed.
- (5) The initial sale of the Participating Unit of Investment Funds to the prospective holders of Participating Unit of Investment Funds performed by the Investment Manager through sales outlets is obligated to be performed by Investment Manager marketing personnel who have a license as Securities Company Representative or Investment Funds Selling Agent Representative.
- (6) Investment Managers who cooperate with other parties for the Participating Unit Transactions of

Investment Funds as referred to in clause (1) are obligated to:

- a. be responsible for Participating Unit Transactions performed by the other parties in partnership with Investment Manager;
- b. be responsible for the application of Know Your Customer Principles in accordance with the Regulation of Financial Services Authority on Know Your Customer Principles by Financial Services Providers in the Capital Market sector;
- c. ensure the system's reliability and security in accordance with laws and regulations; and
- d. have standard operating procedures related to the Participating Unit Transactions of Investment Funds performed by other parties in partnership with Investment Manager.

Section 10  
Electronic Participating Unit Transactions  
of Investment Funds

Article 36

- (1) In conducting the Participating Unit Transactions of Investment Funds electronically, the Investment Managers may use an electronic system developed by the Investment Manager itself or by another party who have a cooperation with the Investment Manager.
- (2) Provisions on the procedures for Participating Unit Transactions of Investment Funds using an electronic system as referred to in clause (1) shall be regulated by the Circular Letter of the Financial Services Authority.

Article 37

- (1) Payment for the purchase the Participating Unit of Investment funds may use electronic payment

systems and/or debit mechanisms of bank account in accordance with laws and regulations.

(2) Payment for the redemption or repayment of the Participating Unit of Investment Funds may use electronic payment system and/or credit mechanism of bank account of the Participating Unit holder of Investment funds in accordance with laws and regulations.

Section Eleven  
Deposit, Recording, and Bookkeeping of the Assets of  
Investment Fund in the Form of  
Collective Investment Contracts

Article 38

(1) The Investment Manager is obligated to deposit all Investment Fund's assets in the Custodian Bank.

(2) The Custodian Bank that administers the Investment Fund is obligated to:

- a. provide Collective Custody and Custodian services for the Investment Fund assets; and
- b. register or record the Investment Fund assets in the name of Custodian Bank on behalf of the Participating Unit holders in accordance with the laws and regulations and take necessary actions related to the registration or recording of the assets.

Article 39

(1) Investment Manager is obligated to:

- a. keep and maintain all bookkeeping and significant records in accordance with its duties and responsibilities under the Collective Investment Contracts, related to:
  1. financial statement of Investment Fund; and
  2. Investment Fund management,

at least 5 (five) years since the Investment Fund is liquidated; and

b. separate the bookkeeping and significant records as referred to in letter a from bookkeeping and records of the Investment Manager and other customers and other product of the Investment Manager.

(2) Custodian Bank is obligated to keep and maintain separate records containing:

a. bookkeeping and significant records in accordance with its duties and responsibilities under the Collective Investment Contracts, related to:

1. financial statement; and
2. Investment Funds management, at least 5 (five) years since the Investment Fund is liquidated;

b. all changes in the number of Participating Unit at least 5 (five) years since the Investment Fund is liquidated; and

c. the number of Participating Unit owned by each Participating Unit holder, name, nationality, address, and other identity of the Participating Unit holder at least 5 (five) years since the account of the Participating Unit holder of Investment Funds is closed.

## Section Twelve

### Substitution of Custodian Bank

#### Article 40

(1) Investment Manager may substitute the Custodian Bank in the event that:

a. the Custodian Bank is proven to have committed errors or negligence in executing the Collective Investment Contracts or laws and regulations;

- b. the Custodian Bank no longer has legal capacity or ability to perform its duties and obligations under the Collective Investment Contracts; and/or
- c. a mutual agreement between the Investment Manager and the Custodian Bank.

(2) The substitution of the Custodian Bank as referred to in clause (1) shall be performed after obtaining approval from the Financial Services Authority.

#### Article 41

Custodian Bank is obligated to be responsible for its duties as a Custodian Bank until there is a substitute of Custodian Bank.

#### Section Thirteen

Changes in Member of the Board of Directors,  
Commissioners, and Shareholders

#### Article 42

(1) Investment Manager is obligated to notify the Custodian Bank in writing of any changes in the members of the Board of Directors, Commissioners, and/or controlling shareholders of the Investment Manager with a copy to the Financial Services Authority.

(2) Custodian Bank is obligated to notify Investment Manager in writing of any changes in the person in charge, members of the Board of Directors, Commissioners, and/or controlling shareholders of the bank that becomes the Custodian Bank with a copy to the Financial Services Authority.

Section Fourteen  
Annual Financial Statements of Investment Funds in the  
Form of Collective Investment Contracts

Article 43

- (1) Investment Manager and Custodian Bank are obligated to be responsible for the preparation of the annual financial statements of Investment Funds in accordance with their respective functions and obligations as referred to in the Collective Investment Contracts.
- (2) The fiscal year of Investment Funds starts on 1<sup>st</sup> January and ends on 31<sup>st</sup> December.
- (3) The annual financial statements of Investment Funds is obligated to be audited by an Accountant registered with the Financial Services Authority.
- (4) The annual financial statements of Investment Funds is obligated to be signed by the member of the Board of Directors of the Investment Manager and the person in charge of the Custodian Bank.
- (5) The annual financial statements of Investment Funds as referred to in clause (3) is obligated to be submitted to the Financial Services Authority by the Investment Manager no later than the end of the third month after the date of the annual financial statements end and made available to Participating Unit holders.
- (6) In the event that at the end of the period of the annual financial statements the Investment Funds does not have Participating Unit holders, the audit obligation as referred to in clause (3) and the submission of the annual financial statements to the Financial Services Authority as referred to in clause (5) shall not apply.
- (7) In the event that the Investment Manager submits liquidation plan of the Investment Funds before the end of the annual financial statements period, the

obligation to submit the annual financial statements as referred to in clause (5) shall not apply.

(8) In the event that the deadline for submitting the annual financial statements of Investment Funds as referred to in clause (5) falls on a holiday, the report shall be submitted no later than the following 1 (one) business day.

Section Fifteen  
Minimum Assets Under Management, Dissolution, and  
Liquidation of Investment Funds in the Form of  
Collective Investment Contracts

Article 44

(1) Investment Funds in the form of Collective Investment Contracts whose Registration Statement has become effective is obligated to have assets under management at least Rp10.000.000.000.00 (ten billion rupiah) within 90 (ninety) exchange days after the Registration Statement of Investment Funds becomes effective.

(2) For Capital Protected Funds, Capital Guaranteed Funds, and Index Funds that conduct limited Public Offering, the obligation to have funds under management of at least Rp10,000,000,000.00 (ten billion rupiah) may be done within 120 (one hundred twenty) exchange days after the Registration Statement of Investment Funds becomes effective.

(3) The Investment Manager is obligated to submit a report on the collection of assets under management of the Investment Funds as referred to in clause (1) to the Financial Services Authority no later than 90 (ninety) exchange days after the Registration Statement of Investment Funds becomes effective.

(4) For Capital Protected Funds, Capital Guaranteed Funds, and Index Funds that conduct limited Public Offering, the obligation to submit a report on the

collection of assets under management of the Investment Funds to the Financial Services Authority shall be performed no later than 120 (one hundred and twenty) exchange days after the Registration Statement of Investment Funds becomes effective.

#### Article 45

The Investment Funds in the form of Collective Investment Contracts are obligated to be dissolved, if the following occurs:

- a. within 90 (ninety) exchange days, the Investment Funds whose Registration Statement has become effective has assets under management of less than Rp10.000.000.000.00 (ten billion rupiah);
- b. for Capital Protected Funds, Capital Guaranteed Funds, and Index Funds that conduct limited Public Offerings, within 120 (one hundred and twenty) exchange days after the Registration Statement of Investment Funds becomes effective, has assets under management of less than Rp10,000,000,000.00 (ten billion rupiah);
- c. it is ordered by the Financial Services Authority in accordance with laws and regulations in the Capital Market sector;
- d. total Net Assets Value of the Investment Funds is less than Rp10,000,000,000.00 (ten billion rupiah) for 120 (one hundred and twenty) consecutive exchange days; and/or
- e. the Investment Manager and the Custodian Bank have agreed to dissolve the Investment Funds.

#### Article 46

In the event that Investment Funds in the form of Collective Investment Contracts are dissolved due to the conditions as referred to in Article 45 letter a or letter b, the Investment Manager is obligated to:

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- a. submit a report on the condition to the Financial Services Authority and announce the Investment Funds dissolution plan to Participating Unit holders at least in 1 (one) daily newspaper in Indonesian with national circulation, no later than 2 (two) exchange days since the end of the period as referred to in Article 45 letter a or letter b;
- b. instruct the Custodian Bank no later than 2 (two) exchange days since the end of the period as referred to in Article 45 letter a or letter b, to pay the liquidation proceeds that become the rights of Participating Unit holders provided that the calculation is performed proportionally from the Net Assets Value at the time of dissolution, yet must not be less than the initial Net Assets Value (par value) and the funds are received by the Participating Unit holders no later than 7 (seven) exchange days since the expiration of the period as referred to in Article 45 letter a or letter b; and
- c. dissolve the Investment Funds within a period of no later than 10 (ten) exchange days since the end of the period as referred to in Article 45 letter a or letter b, and submit a report on the dissolution of the Investment Funds to the Financial Services Authority no later than 10 (ten) exchange days since the Investment Funds is wound up, accompanied by:
  1. deed of dissolution of the Investment Funds from Notary registered with the Financial Services Authority; and
  2. financial statements of the dissolution of the Investment Funds audited by an Accountant registered with the Financial Services Authority, if the Investment Funds already have assets under management.

#### Article 47

In the event that the Investment Funds in the form of Collective Investment Contracts are dissolved due to the conditions as referred to in Article 45 letter c, Investment Manager is obligated to:

- a. announce the Investment Funds dissolution plan at least in 1 (one) daily newspaper in Indonesian with national circulation, no later than 2 (two) exchange days since ordered by the Financial Services Authority and on the same day notify the Custodian Bank in writing to stop the calculation of the Net Assets Value of the Investment Funds;
- b. instruct the Custodian Bank no later than 2 (two) exchange days since ordered by the Financial Services Authority, to pay the liquidation proceeds that become the rights of the Participating Unit holders provided that the calculation is performed proportionally from the Net Assets Value at the time of dissolution and the funds are received by the Participating Unit holders no later than 7 (seven) exchange days since the liquidation is completed; and
- c. submit a report on the dissolution of the Investment Funds to the Financial Services Authority no later than 60 (sixty) exchange days since the dissolution of the Investment Funds is ordered by the Financial Services Authority with the following documents:
  1. opinion of a Legal Consultant registered with Financial Services Authority;
  2. financial statements of the dissolution of the Investment Funds audited by an Accountant registered with the Financial Services Authority; and
  3. deed of dissolution of the Investment Funds from the Notary registered with the Financial Services Authority.

#### Article 48

In the event that the Investment Funds in the form of Collective Investment Contracts are dissolved due to the conditions referred to in Article 45 letter d, the Investment Manager is obligated to:

- a. submit a report on the condition to the Financial Services Authority with the latest financial condition of the Investment Funds and announce the Investment Funds dissolution plan to the Participating Unit holders at least in 1 (one) daily newspaper in Indonesian with national circulation, within a period of no later than 2 (two) exchange days since the end of the period as referred to in Article 45 letter d and on the same day notify the Custodian Bank in writing to stop the calculation of the Investment Fund Net Assets Value;
- b. instruct the Custodian Bank no later than 2 (two) exchange days since the end of the period as referred to in Article 45 letter d, to pay the liquidation proceeds that become the rights of Participating Unit holders provided that the calculation is made proportionally from the Net Assets Value at the time of the liquidation is completed and the funds are received by the Participating Unit holders no later than 7 (seven) exchange days since the liquidation is completed; and
- c. submit a report on the dissolution of the Investment Funds to the Financial Services Authority no later than 60 (sixty) exchange days since the end of the period as referred to in Article 45 letter d with the following documents:
  1. opinion of a Legal Consultant registered with the Financial Services Authority;
  2. financial statements of dissolution of the Investment Funds audited by an Accountant registered with the Financial Services Authority; and

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3. deed of dissolution of the Investment Funds from Notary registered with the Financial Services Authority.

#### Article 49

In the event that Investment Funds in the form of Collective Investment Contracts is dissolved due to the conditions as referred to in Article 45 letter e, the Investment Manager is obligated to:

- a. submit dissolution plan of the Investment Funds to the Financial Services Authority within a period of no later than 2 (two) exchange days since the agreement to dissolve the Investment Funds by the Investment Manager and Custodian Bank is made, by attaching:
  1. agreement on the dissolution of the Investment Funds between the Investment Manager and Custodian Bank along with the reasons for dissolution; and
  2. the latest financial condition;and on the same day announce the Investment Funds dissolution plan to the Participating Unit holders at least in 1 (one) daily newspaper in Indonesian with national circulation and notify the Custodian Bank in writing to stop the calculation of the Investment Funds Net Assets Value;
- b. instruct the Custodian Bank no later than 2 (two) exchange days since the agreement on the dissolution of the Investment Funds is made, to pay the liquidation proceeds that become the rights of Participating Unit holders provided that the calculation is made proportionally from the Net Assets Value at the time of the liquidation is completed and the funds are received by the Participating Unit holders no later than 7 (seven) exchange days since the liquidation is completed; and

- c. submit a report on the dissolution of the Investment Funds to the Financial Services Authority no later than 60 (sixty) exchange days since the agreement on the dissolution of the Investment Funds is made, accompanied by the following documents:
  1. opinion from a Legal Consultant registered with the Financial Services Authority;
  2. financial statements of dissolution of the Investment Funds audited by an Accountant registered with the Financial Services Authority; and
  3. deed of dissolution of the Investment Funds from a Notary registered with the Financial Services Authority.

#### Article 50

The Participating Unit holders may not make redemptions after the plan to dissolve the Investment Fund is announced.

#### Article 51

The financial statements for the dissolution of the Investment Funds as referred to in Article 46 letter c number 2, Article 47 letter c number 2, Article 48 letter c number 2, and Article 49 letter c number 2 include:

- a. statement of financial position;
- b. comprehensive income statement; and
- c. notes to the financial statements.

#### Article 52

- (1) In the event that the Investment Manager no longer has a business license or the Custodian Bank no longer has an approval letter, the Financial Services Authority has the authority:
  - a. to appoint another Investment Manager to manage or another Custodian Bank to administer the Investment Funds; or

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- b. to appoint 1 (one) party who still has a business license or approval letter to dissolve the Investment Funds, if no substitution of Investment Manager or Custodian Bank is found.
- (2) In the event that the party appointed to dissolve the Investment Funds as referred to in clause (1) letter b is the Custodian Bank, the Custodian Bank may appoint another party to liquidate the Investment Funds and notify the Financial Services Authority.
- (3) Investment Manager or Custodian Bank appointed to dissolve the Investment Funds as referred to in clause (1) letter b is obligated to submit a report on the completion of dissolution to the Financial Services Authority no later than 60 (sixty) exchange days since being appointed to dissolve the Investment Funds accompanied by the following documents:
  - a. opinion from a Legal Consultant registered with the Financial Services Authority;
  - b. financial statements of dissolution of the Investment Funds audited by Accountant registered with the Financial Services Authority; and
  - c. deed of dissolution of Investment Funds from Notary registered with the Financial Services Authority.

### Article 53

In the event that there is any liquidation proceeds unclaimed by Participating Unit holders and/or any remaining funds after the date of distribution of liquidation proceeds to the Participating Unit holders, then:

- a. if the Custodian Bank has notified the fund to the Participating Unit holders as many as 3 (three) times within the grace period of 10 (ten) exchange days and

has announced it in a daily newspaper in Indonesian with national circulation, then the fund is obligated to be deposited in a current account at the Custodian Bank as a Commercial Bank, in the name of the Custodian Bank on behalf of the Participating Unit holders who have not taken the liquidation proceeds and/or for the benefit the Participating Unit holders recorded on the date of dissolution, within a period of 30 (thirty) years;

- b. any costs incurred for the deposit of such funds shall be charged to the current account;
- c. if within a period of 30 (thirty) years the funds are not claimed by Participating Unit holders, it is obligated that the funds be handed over by Custodian Bank to the Government of the Republic of Indonesia for the purposes of developing Capital Market industry; and
- d. the Collective Investment Contracts may stipulate a period shorter than 30 (thirty) years but no less than 3 (three) years.

#### Article 54

- (1) In the event that the Investment Funds is dissolved and liquidated by the Investment Manager, the costs of dissolution and liquidation of the Investment Funds including costs of Legal Consultant, Accountant, and Notary and other costs to third parties shall be incurred by Investment Manager.
- (2) In the event that the Custodian Bank or other party appointed by Custodian Bank to conduct dissolution and liquidation of the Investment Funds as referred to in Article 52 clause (2), the costs of dissolution and liquidation, including costs of Legal Consultant, Accountant, and Notary and other costs to third parties may be charged to the Investment Funds.

## Section Sixteen

### The Authority of the Financial Services Authority to Protect the Interest of the Participating Unit Holders of Investment Funds in the Form of Collective Investment Contracts

#### Article 55

To protect the interest of the Participating Unit holders, the Financial Services Authority has the authority to:

- a. transfer, freeze, and/or secure the assets of the Investment Funds in the form of Collective Investment Contracts;
- b. appoint another Investment Manager to manage the Investment Funds in the form of Collective Investment Contracts;
- c. appoint another Custodian Bank to administer the assets of the Investment Funds in the form of Collective Investment Contracts;
- d. dissolve the Investment Funds in the form of Collective Investment Contracts; and/or
- e. take other actions against Investment Funds in the form of Collective Investment Contracts.

## CHAPTER III

### GUIDELINES ON COLLECTIVE INVESTMENT CONTRACTS OF INVESTMENT FUNDS IN THE FORM OF COLLECTIVE INVESTMENT CONTRACTS

## Section One

### Form and Content of Collective Investment Contracts

#### Article 56

The Investment Manager is prohibited from being affiliated with Custodian Bank.

### Article 57

The Collective Investment Contracts of Investment Funds and its amendments are obligated to be made in notarial deed.

### Article 58

The Collective Investment Contracts of Investment Funds must contain the rights and responsibilities of Investment Manager and Custodian Bank that bind the Participating Unit holders.

### Article 59

Collective Investment Contracts of Investment Funds contain at least the conditions as follows:

- a. the name and address of the Investment Manager;
- b. the name and address of the Custodian Bank;
- c. composition of Securities Portfolio diversification in money market and Capital Market;
- d. allocation of costs that are incurred by Investment Manager, Investment Funds, and Participating Unit holders;
- e. circumstances that allow Investment Manager to refuse repurchase of Participating Unit;
- f. composition of Securities Portfolio of the Investment Funds in the form of Collective Investment Contracts, Investment Funds investment restrictions, and prohibited actions for Investment Manager;
- g. obligations and responsibilities of the Investment Manager;
- h. obligations and responsibilities of the Custodian Bank;
- i. substitution of Investment Manager or Custodian Bank in the Collective Investment Contracts;
- j. rights of Participating Unit holders;
- k. minimum limit for the initial subscription of Participating Unit;

1. procedures for implementing Participating Unit Transactions;
- m. procedures for implementing Participating Unit Transactions through electronic systems, if any;
- n. payment procedures for Participating Unit Transactions;
- o. payment procedures for Participating Unit Transactions through electronic payment system, if any;
- p. the procedure for calculating the Net Assets Value of Investment Funds;
- q. procedure for resolving miscalculation of the Investment Funds Net Assets Value;
- r. submission of annual financial statement of the Investment Funds;
- s. force majeure circumstances beyond the ability of Investment Manager and/or Custodian Bank that causes the parties to be unable to carry out or perform their duties and obligations (emergency);
- t. dissolution of the Investment Funds;
- u. treatment of liquidation proceeds unclaimed by Participating Unit holders and/or remaining funds;
- v. the parties who are responsible for the dissolution cost of the Investment Funds; and
- w. the appointment of an alternative dispute resolution institution in Capital Market sector, or other alternative dispute resolution institution to resolve discord and civil dispute between Investment Manager and Custodian Bank.

#### Article 60

The composition of Portfolio of Securities of the Investment Funds in the form of Collective Investment Contracts, Investment Funds investment restrictions, and actions prohibited for Investment Manager who manage the Investment Funds as referred to in Article 59

letter f, at least contain matters as stipulated in Article 4, Article 5, and Article 6.

#### Article 61

The obligations and responsibilities of the Investment Manager as referred to in Article 59 letter g, at least contain provisions concerning:

- a. bookkeeping and reporting;
- b. responsibility of Investment Manager for all losses arising from his/her fault;
- c. prohibition of termination of Investment Funds management before a substitution Investment Manager is appointed;
- d. separation of asset of Investment Funds with asset of Investment Manager;
- e. procedures for Participating Unit Transactions;
- f. calculation of Fair Market Value of Securities Portfolio in every exchange day and its submission thereto to the Custodian Bank;
- g. appointment of a substitution of Custodian Bank in the event that Custodian Bank due to the law is no longer able to perform its functions as Custodian Bank, for example, the business license as Commercial Bank is revoked or the approval as Custodian Bank is canceled;
- h. implementation of investment in accordance with the investment policy set forth in the Collective Investment Contracts;
- i. repurchase of Participating Unit on behalf of the Investment Funds for benefit of Investment Funds account;
- j. preparation and submission of annual financial statement of Participating Unit holders and the Financial Services Authority; and
- k. issuance of updated Prospectus accompanied by the latest annual financial statement which obligated to be submitted to the Financial Services Authority by

Investment Manager at the end of the third month after the date of the annual financial statement ends.

## Article 62

The obligations and responsibilities of the Custodian Bank as referred to in Article 59 letter h, at least contain provisions concerning:

- a. bookkeeping and reporting;
- b. the responsibility of the Custodian Bank for all losses arising from its fault;
- c. calculation of the Net Assets Value every exchange day;
- d. Securities transaction settlement in accordance with the instruction of the Investment Manager;
- e. payment of management fees and other fees charged to the Investment Funds in accordance with the agreement;
- f. payment to Participating Units holders for any distribution of cash related to the agreement, in the event that the Collective Investment Contracts stipulates a policy concerning periodic distribution of proceeds to Participating Unit holders;
- g. keeping and maintaining separate records showing all changes in the number of Participating Unit owned by each Participating Unit holders, the name, nationality, address, and other identity of Participating Units holders;
- h. assurance that the Participating Unit are issued only upon receipt of funds from:
  1. prospective holder of Participating Unit;
  2. parties specified at the time of account opening; and/or
  3. party determined by the Participating Unit holders after account opening;
- i. management of Participating Unit Transactions;
- j. separation of the Investment Funds assets from the Custodian Bank's assets;

- k. provision of Collective Custody and Custodian services in relation to assets of the Investment Funds;
- l. preparation and submission of reports to the Investment Manager, Financial Services Authority, and Participating Unit holders; and
- m. rejection of the Investment Manager rejection in writing with a copy to the Financial Services Authority if at the time received by Custodian Bank the instruction clearly violates the laws and regulations in the Capital Market sector and/or Collective Investment Contracts.

#### Article 63

The rights of Participating Unit holders as referred to in Article 59 letter j, at least contain provisions concerning:

- a. the rights to obtain proof of ownership confirmation of the Participating Unit;
- b. the rights to obtain annual financial statements;
- c. the rights to obtain information concerning the daily Net Assets Value per the Investment Funds Participating Unit;
- d. the rights to redeem and transfer part or all of the Participating Unit;
- e. the rights to obtain report as referred to in the laws and regulations in Capital Market sector stipulating Investment Funds report;
- f. the rights to receive a share of investment returns, if any; and
- g. the rights to obtain a share of the liquidation proceeds.

#### Article 64

Provisions concerning dissolution of the Investment Funds as referred to in Article 59 letter t, is obligated to contain at least:

- a. the reason for the dissolution of the Investment Funds as referred to in Article 45; and
- b. actions taken for dissolution of Investment Funds as referred to in Article 46, Article 47, Article 48, and/or Article 49.

## Section Two

### Amendment to Collective Investment Contracts and Amendment to Prospectus of Investment Funds in the Form of Collective Investment Contracts

#### Article 65

Investment Manager and/or Investment Funds Selling Agent is obligated to ensure that prospective holders of Participating Unit have received or obtained the opportunity to read the Investment Funds Prospectus prior to or at the time of purchase of the Investment Funds Participating Unit.

#### Article 66

Investment Manager is obligated to update the Prospectus in the event of:

- a. any material changes related to the management of the Investment Funds; and/or
- b. Investment Funds annual financial statements are available.

#### Article 67

- (1) The plan to amend the Collective Investment Contracts and/or Prospectus of Investment Funds is obligated to be submitted by the Investment Manager to the Financial Services Authority and announced to the public through 1 (one) daily newspaper in Indonesian with national circulation, no later than 15 (fifteen) business days before the change is made.
- (2) The plan to amend the Collective Investment Contracts and/or Prospectus of Investment Funds

that have not had Participating Unit holders is obligated to be submitted to the Financial Services Authority no later than 7 (seven) business days before the change is made.

- (3) Amendments to the Collective Investment Contracts is obligated to be submitted by Investment Manager to the Financial Services Authority and announced to the public through 1 (one) daily newspaper in Indonesian with national circulation no later than 2 (two) business days after the changes are made.
- (4) Amendments to the Prospectus are obligated to be submitted by Investment Manager to the Financial Services Authority and made available to the public and Participating Unit holders no later than 2 (two) business days after the renewal of the Prospectus.
- (5) The obligation to announce plans to amend the Collective Investment Contracts and/or Prospectus of Investment Funds as referred to in clause (1) and the amendment to the Collective Investment Contracts as referred to in clause (3) does not apply to the Investment Funds that have not had Participating Unit holders.
- (6) Announcement through newspapers as referred to in clause (1) and clause (3) may contain information that the details of the amendment to the Collective Investment Contracts may be read or accessed through the Investment Manager's website.

**CHAPTER IV**  
**REGISTRATION STATEMENT FOR PUBLIC OFFERING**  
**OF INVESTMENT FUNDS IN THE FORM OF**  
**COLLECTIVE INVESTMENT CONTRACTS**

Article 68

In order to issue Investment Funds in the form of Collective Investment Contracts, the Investment Manager

is obligated to create, keep and administer the following documents:

- a. Collective Investment Contracts made by a Notary registered with the Financial Services Authority;
- b. the latest draft of the Prospectus of Investment Funds in the form of a Collective Investment Contracts, stamped and signed by the Parties;
- c. partnership agreement with Investment Fund Selling Agent and/or parties with extensive network in their business activities (if any);
- d. marketing and operational plans of the Investment Funds;
- e. legal audit reports and legal opinions from Legal Consultants registered with the Financial Services Authority;
- f. Investment Funds offering brochure;
- g. specifically for Capital Protected Funds, simulation documents related to the performance calculation or results indication including possible performance or results that may occur by considering, among others, the following:
  1. assumptions;
  2. maturity of each Securities;
  3. rating of the Debt Securities on which protection is based;
  4. initial investment funds for each Securities;
  5. coupon rate of each Securities;
  6. estimated cost of each Securities;
  7. cost;
  8. estimated/indicated investment returns;
  9. repurchase or partial redemption, if any;
  10. sales; and
  11. redemption at maturity;
- h. contract with the Sponsor, for Investment funds in the form of Collective Investment Contracts which Participating Unit are traded on the Securities

Exchange if the creation of Investment Funds Participating Unit involves the Sponsor;

- i. agreement between Investment Manager and the Participating Dealer, for Investment Funds in the form of Collective Investment Contracts which Participating Units are traded in the Securities Exchange;
- j. preliminary listing agreement between Investment Manager and Securities Exchange, if the Participating Unit of Investment Funds in the form of Collective Investment Contracts is traded in the Securities Exchange;
- k. depository agreement for the Participating Unit in collective custody between Investment Manager and the Central Securities Depository, if the Participating Unit of Investment Funds in the form of Collective Investment Contracts are traded in the Securities Exchange; and
- l. documents related to derivative Securities, in the event that the Investment Funds will invest in derivative Securities.

#### Article 69

Registration Statement for Public Offering of Investment Funds in the form of Collective Investment Contracts shall be submitted by Investment Manager to the Financial Services Authority in 2 (two) copies in accordance with the format of Registration Statement for Public Offering of Investment Funds in the Form of Collective Investment Contracts as set forth in the Appendix which forms an integral part of this Regulation of Financial Services Authority accompanied by the following documents and/or information:

- a. Collective Investment Contracts made by a Notary registered with the Financial Services Authority;

- b. the final draft of the Prospectus of Investment Funds in the form of Collective Investment Contracts, stamped and signed by the Parties; and
- c. digital form of all Product Registration Statement documents using compact disc or other digital media.

#### Article 70

- (1) In order to process the application for Registration Statement of Public Offering of Investment Funds in the form of Collective Investment Contracts as referred to in Article 69, the Financial Services Authority reviews the completeness of the application documents.
- (2) In order to support the review of the Registration Statement of Public Offering of Investment Funds in the form of Collective Investment Contracts as referred to in clause (1), the Financial Services Authority has the authority:
  - a. to request the Investment Manager managing the Investment Funds in the form of Collective Investment Contracts and the parties involved in the Public Offering of Investment Funds in the form of Collective Investment Contracts to make a presentation; and/or
  - b. to request changes and/or additional information related to the completeness of the Registration Statement documents for the Public Offering of Investment Funds in the form of Collective Investment Contracts.

#### Article 71

- (1) Registration Statement for Public Offering of Investment Funds in the form of Collective Investment Contracts becomes effective on the 45th (forty-fifth) day upon receipt of the complete Registration Statement or on an earlier date if

This document is translated from the original document.

Should any hesitation, discrepancy, or ambiguity occur, the original Indonesian version shall prevail.

declared effective by the Financial Services Authority.

- (2) Investment Manager managing Investment Funds in the form of Collective Investment Contracts submit amendment documents and/or additional information related to the Registration Statement no later than 45 (forty-five) days from the date of the request letter for amendment documents and/or additional information from the Financial Services Authority.
- (3) Investment Manager managing Investment Funds in the form of Collective Investment Contracts that do not complete the amendment document and/or additional information within the period as referred to in clause (2), shall be deemed to cancel the application for a Registration Statement that has been submitted to the Financial Services Authority.
- (4) Investment Manager is obligated to submit the printed final Prospectus along with the digital format of the document to the Financial Services Authority no later than 30 (thirty) business days after the effective date of the Registration Statement of Investment Funds in the form of a Collective Investment Contracts.

## Article 72

In the event that the Registration Statement of Investment Funds in the form of Collective Investment Contracts as referred to in Article 69 meets or does not meet the requirements, no later than 45 (forty-five) days from the receipt of the application, the Financial Services Authority provides a notification letter to the applicant stating that:

- a. Registration Statement has not met the requirements;  
or
- b. Registration Statement is declared effective by the Financial Services Authority.

#### Article 73

Investment Manager is obligated to manage the Securities Portfolio of Investment Funds in the form of a Collective Investment Contracts according to the investment policy stated in the Collective Investment Contracts and/or Prospectus and fulfill its investment policy no later than 150 (one hundred and fifty) exchange days after the Registration Statement of the Investment Funds in the form of a Collective Investment Contracts becomes effective.

#### Article 74

The Collective Investment Contracts of Investment Funds may be used for the subsequent issuance of Investment Funds, as long as the parties to the Collective Investment Contracts, the type of Investment Funds, and the investment policy remain the same.

### CHAPTER V

#### ELECTRONIC SYSTEM FOR REGISTRATION, LICENSING, APPROVAL, AND REPORTING

#### Article 75

In the event that the Financial Services Authority has provided an electronic system related to the application for Registration Statement and/or report submission of Investment Funds in the form of Collective Investment Contracts, then the application for Registration Statement and/or report submission of Investment Funds in the form of Collective Investment Contracts may be submitted through an electronic system.

## CHAPTER VI

### SANCTION PROVISIONS

#### Article 76

- (1) Without prejudice to the criminal provisions in the Capital Market sector, the Financial Services Authority is authorized to impose administrative sanctions against any party violating the provisions of this Regulation of Financial Services Authority, including the party causing the violations, in the forms of:
  - a. written admonition;
  - b. fines, namely the obligation to pay a certain amount of money;
  - c. restriction to business activity;
  - d. suspension of business activity;
  - e. revocation of business license;
  - f. cancellation of approval; and/or
  - g. cancellation of registration.
- (2) Administrative sanctions as referred to in clause (1) letter b, letter c, letter d, letter e, letter f, or letter g may be imposed with or without prior imposition of administrative sanctions in the form of written admonition as referred to in clause (1) letter a.
- (3) Administrative sanctions in the form of fines as referred to in clause (1) letter b may be imposed separately or jointly with the imposition of administrative sanctions as referred to in clause (1) letter c, letter d, letter e, letter f, or letter g.

#### Article 77

In addition to the administrative sanctions as referred to in Article 76 clause (1), the Financial Services Authority may take certain actions against any party violating the provisions of this Regulation of Financial Services Authority.

### Article 78

The Financial Services Authority may announce the imposition of administrative sanctions as referred to in Article 76 clause (1) and certain actions as referred to in Article 76 to the public.

## CHAPTER VI SANCTION PROVISIONS

### Article 76

- (1) Without prejudice to the criminal provisions in the Capital Market sector, the Financial Services Authority is authorized to impose administrative sanctions on any party committing violations to the provisions of this Regulation of Financial Services Authority, including the parties who cause such violations in the form of:
  - a. written admonition;
  - b. fines, namely the obligation to pay a certain amount of money;
  - c. limitation on business activity;
  - d. suspension of business activity;
  - e. revocation of business license;
  - f. cancellation of approval; and
  - g. cancellation of registration.
- (2) Administrative sanctions as referred to in clause (1) letter b, letter c, letter d, letter e, letter f, or letter g may be imposed with or without prior administrative sanctions in the form of written reprimand as referred to in clause (1) letter a.
- (3) Administrative sanctions in the form of fines as referred to in clause (1) letter b may be imposed separately or jointly with the imposition of administrative sanctions as referred to in clause (1) letter c, letter d, letter e, letter f, or letter g.

### Article 77

Aside from the administrative sanctions as referred to in Article 76 clause (1), the Financial Services Authority may execute certain acts against each party committing violations to the provisions of this Regulation of Financial Services Authority.

#### Article 78

The Financial Services Authority may announce the imposition of administrative sanctions as referred to in Article 76 clause (1) as well as certain actions as referred to in Article 76 to the public.

### CHAPTER VII TRANSITIONAL PROVISIONS

#### Article 79

Investment Funds in the form of Collective Investment Contracts whose Registration Statement has become effective before this Regulation of Financial Services Authority enter into force, specifically concerning:

- a. investment policies as referred to in Article 4, Article 5, and Article 6;
- b. source of funds for the purchase of Participating Unit as referred to in Article 17;
- c. transfer of ownership of Participating Unit as referred to in Article 25;
- d. submission of confirmation of proof of ownership of the Participating Unit of Investment Funds as referred to in Article 28;
- e. submission of reports to each holder of the Participating Unit of Investment Funds of as referred to in Article 29; and
- f. minimum managed funds as referred to in Article 44, is obligated to confirm to this Regulation of Financial Services Authority no later than 12 (twelve) months after this Regulation of Financial Services Authority enters into force.

#### Article 80

Provisions concerning the name of Investment Funds in the form of Collective Investment Contracts as referred to in Article 3, shall not apply to Investment Funds whose Registration Statement has become effective before this Regulation of Financial Services Authority enters into force.

#### Article 81

Capital Protected Funds, Capital Guaranteed Funds, and Index Funds as well as Investment Funds in the form of Collective Investment Contracts whose Participating Unit are traded on the Securities Exchange may not follow this Regulation of Financial Services Authority as long as it is otherwise regulated in the Regulation of Financial Services Authority Number 48/POJK.04/2015 concerning Guideline for the Management of Capital Protected Funds, Capital Guaranteed Funds, and Index Funds and the Regulation of Financial Services Authority Number 49/POJK.04/2015 concerning Investment Funds in the Form of Collective Investment Contracts whose Participation Unit are traded on the Securities Exchange.

### CHAPTER VIII

#### CLOSING PROVISIONS

#### Article 82

Further provisions concerning the technical implementation of Investment Funds in the form of Collective Investment Contracts are regulated in a Circular Letter of the Financial Services Authority.

#### Article 83

At the time when this Regulation of Financial Services Authority enter into force, then:

- a. Decision of the Head of Capital Market Supervisory Board and Financial Institutions Number: KEP-552/BL/2010 dated on 30 December 2010 concerning Guideline for the Management of Investment Funds in the Form of Collective Investment Contracts, along with Regulation Number IV.B.1 which is its annex;
- b. Decision of the Head of Capital Market Supervisory Board and Financial Institutions Number: KEP-553/BL/2010 dated on 30 December 2010 concerning Guideline for Investment Funds in the Form of Collective Investment Contracts, along with Regulation Number IV.B.2 which is its annex; and
- c. Decision of the Head of Capital Market Supervisory Board and Financial Institutions Number: KEP-430/BL/2007 dated on 19 December 2007 concerning Registration Statement for Public Offering of Investment Funds in the Form of Collective Investment Contracts, along with Regulation Number IX.C.5 which is its annex,

shall be revoked and declared as invalid.

#### Article 84

This Regulation of Financial Services Authority shall enter into force on the date of its promulgation.

For public cognizance, it is hereby ordered this Regulation of Financial Services Authority be promulgated in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta  
on 13 June 2016

HEAD OF THE BOARD OF  
COMMISSIONERS OF FINANCIAL  
SERVICES AUTHORITY

Signed

MULIAMAN D. HADAD

Promulgated in Jakarta  
on 19 June 2016

MINISTER OF LAW AND HUMAN RIGHTS  
OF THE REPUBLIC OF INDONESIA

signed

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 109 OF 2016

This copy is in accordance with its original  
Director of Law 1  
Department of Law

signed

Yuliana

ELUCIDATION  
OF  
REGULATION OF THE FINANCIAL SERVICES AUTHORITY  
NUMBER 23/POJK.04/2016  
CONCERNING  
INVESTMENT FUNDS IN THE FORM COLLECTIVE INVESTMENT CONTRACTS

I. GENERAL

Investment Funds are a vessel used to collect funds from the investor community to be subsequently invested in Portfolio of Securities by Investment Managers. As a vessel used to collect funds from the investor community, Investment Funds have a strategic role as an alternative investment for the investor community.

The significant development of Investment Funds in Indonesia has caused the demand for Investment Funds products to be higher, which is accompanied by the hope that Investment Funds not only provide relatively high profits yet also safe investment alternatives for investors. In connection with the above and in order to further increase the growth of Investment Funds in accordance with the needs of the Capital Market, it is necessary to improve the rules and regulations in the Capital Market that regulate Investment Funds, especially Regulation Number IV.B.1 annex to the Decision of the Head of the Capital Market Supervisory Board and Financial Institution Number: Kep-552/BL/2010 dated on 30 December 2010 concerning Guidelines on the Management of Investment Funds Contract in the Form of Collective Investment Contracts, Regulation Number IV.B.2 annex to the Decision of the Head of the Capital Market Supervisory Board and Financial Institution Number: Kep-553/BL/2010 dated on 30 December 2010 concerning Guidelines on Investment Funds in the Form of Collective Investment Contracts, and Regulation Number IX.C.5 annex to the Decision of the Head of the Capital Market Supervisory Board and

Financial Institution Number: Kep-430/ BL/ 2007 dated on 19 December 2007 concerning Registration Statement for Public Offering of Investment Funds in the Form of Collective Investment Contracts.

The improvements to the three Investment Funds regulations include new regulations related to the provisions for the transfer of Investment Funds Participation Units, sources of funds for Investment Funds Participation Unit Transactions, and improvements to the provisions concerning Securities in the portfolio of Investment Funds, Investment Funds investment limits, minimum Investment Funds managed funds, and dissolution of Investment Funds.

## II. ARTICLE BY ARTICLE

### Article 1

Self-explanatory.

### Article 2

Self-explanatory.

### Article 3

#### Clause (1)

Types of Investment Funds include Money Market Investment Funds, Fixed Income Investment Funds, Equity Investment Funds, Mixed Investment Funds, Capital Protected Funds, Capital Guaranteed Funds, and Index Funds, or other types of Investment Funds as stipulated in the rules and regulations in the Capital Market sector.

For example, the name of the Investment Funds in the form of a Collective Investment Contracts managed by an XYZ Investment Manager with an investment policy in accordance with the provisions of the Fixed Income Investment Funds type may be named "XYZ Merdeka Fixed Income Investment Funds". Another example, the Investment Funds managed by the same Investment Manager however with an investment policy in accordance with the provisions of the type of equity Investment Funds and denominated in United States dollars may be named "XYZ USD Equity Investment Funds".

#### Clause (2)

##### Letter a

Self-explanatory.

Letter b

Examples of names for the Investment Funds in the form of Collective Investment Contracts that contain the expression Investment Funds have benefits that are not necessarily true, including "Definite Profit Investment Funds" or "Anti-Loss Investment Funds".

Letter c

Example of names for the Investment Funds in the form of Collective Investment Contracts containing the expression Investment Manager have certain advantages that are not necessarily true, including "Best Equity Investment Funds ABC (Investment Manager name)".

Letter d

Self-explanatory.

## Article 4

Clause (1)

Letter a

Number 1

Securities include conventional securities as well as Sharia securities.

Number 2

Self-explanatory.

Number 3

Domestic money market instruments, both conventional and according to sharia principles.

Letter b

Securities include conventional Securities as well as sharia Securities.

"Mass media" means newspapers, magazines, television, radio, and other electronic media.

"Website" means a collection of web pages that contain information or data that may be accessed through an internet network system.

Clause (2)

Self-explanatory.

Article 5

Clause (1)

Letter a

Securities offered through the Public Offering include Asset-Backed Securities and Real Estate Investment Fund Participation Units in the form of Collective Investment Contracts offered through the Public Offering.

Letter b

Self-explanatory.

Letter c

"Securities Rating Company" in this letter means a Securities Rating Company that has obtained a business license from the Financial Services Authority.

Examples of Debt Securities offered not through a Public Offering include medium term notes, promissory notes, and commercial negotiable instruments issued conventionally.

Examples of Sharia fixed income Securities offered not through a Public Offering include Municipal Bonds and commercial negotiable instruments issued in accordance with Sharia Principles in the Capital Market.

Letter d

Asset-Backed Securities include Asset-Backed Securities from Collective Investment Contracts, Asset-Backed Securities and Asset-Backed Securities in the form of Participation Letters issued both conventionally and according to sharia principles.

Letter e

Domestic money market securities include domestic money market securities issued both conventionally and according to sharia principles.

Examples of domestic money market securities that have a maturity of not more than 1 (one) year include Bank of Indonesia Certificates, money market negotiable instruments, debt acknowledgment instruments, and certificates of deposit.

Letter f

Real Estate Investment Fund Participation Unit in the form of Collective Investment Contracts includes Real Estate Investment Fund Participation Unit in the form of Collective Investment Contracts issued both conventionally and according to sharia principles.

Letter h

Self-explanatory.

Clause (2)

Letter a

Self-explanatory.

Letter b

In practice, the "investment grading" is also referred to as investment grade.

Letter c

Self-explanatory.

Clause (3)

Letter a

Number 1

Self-explanatory.

Number 2

In practice, "outside the stock exchange" is also referred to as over the counter.

Letter a)

In practice, the "investment grading" is commonly referred to as investment grade.

Letter b)

Daily and fair valuations as referred to in this provision may be seen through the existence of Fair Market Value calculated in accordance with regulations concerning Fair Market Value in Portfolio of Investment Funds of Securities.

Letter c)

In practice, "offsetting" is also called offsetting.

Letter b

In practice, the "derivative reference" is also referred to as the derivative underlying.

Letter c

The potential loss that is greater than the initial exposure value at the time of purchase of derivative Securities as referred to in this letter is the potential liability and/or payment that may arise from a net short position on the derivative Securities and as the underlying Securities.

Article 6

Clause (1)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Securities in this provision include all types of Securities, both equity Securities, debt Securities, or money market instruments.

Letter e

The exposure value as referred to in number 1 of this letter is calculated as the sum of Fair Market Value of derivative Securities added by the underlying value of derivative Securities multiplied by the multiplier factor in accordance with the table below:

Derivatives Term	Derivatives of Equity Securities	Other Derivatives
Less than 1 (one) year	6%	10%
1 (one) to 5 (five) years	8%	12%
More than 5 (five) years	10%	15%

The net global exposure value referred to in number 2 of this letter is calculated as the position value of the derivative Securities after deducting mutual closing and hedging positions, multiplied by the multiplier according to the type and type of underlying asset of the derivative Securities in accordance with the following rules:

1. Forward contract of Debt Securities

Number of agreements multiplied by the agreement value multiplied by the Fair Market Value of Debt Securities equal to the lowest Underlying Asset.

2. Forward contract of Equity Securities  
Number of agreements multiplied by agreement value multiplied by Fair Market Value of equity Securities.
3. Forward contract of Index  
Number of agreements multiplied by agreement value multiplied Index rate.
4. Option Agreement of Debt Securities  
Number of agreements multiplied by agreement price multiplied by Fair Market Value of Debt Securities multiplied by Delta.
5. Option Agreement of Equity Securities  
Number of agreements multiplied by number of equity securities multiplied by Fair Market Value of equity securities multiplied by Delta.
6. Option Agreement of Index  
Number of agreements multiplied by agreement value multiplied Index rate multiplied Delta.
7. Warrants and Preferred Rights to Order Securities (HMETD)  
Total Equity Securities/Debt Securities multiplied by Fair Market Value of Equity Securities/Debt Securities multiplied by Delta.  
Delta means the amount of change in the value of the derivative securities compared to the change in the underlying value of the derivative securities.

Letter f

Self-explanatory.

Letter g

Parties to Asset-Backed Securities and/or Real Estate Investment Fund Participation Units is a Collective Investment Contracts or issuer of Asset-Backed Securities in the form of a Participation Letter.

The Party to Debt Securities and Sharia Securities with fixed income is the issuer of the Securities.

Letter h

Self-explanatory.

Letter i

Self-explanatory.

Letter j

Self-explanatory.

Letter k

Self-explanatory.

Letter l

Self-explanatory.

Letter m

Self-explanatory.

Letter n

At practice "sale of Securities that have not been owned" is also referred to as short sale.

Letter o

Self-explanatory.

Letter p

Short-term loan means a loan within a maximum period of 1 (one) month.

Letter q

Self-explanatory.

Letter r

Number 1

In practice, "investment grading" is also referred to as investment grade.

Number 2

In practice, "excess demand to purchase from the Securities offered" is also referred to as over subscription.

Letter s

Self-explanatory.

Letter t

Self-explanatory.

Letter u

In practice, "a sale or purchase agreement of Securities with a promise of repurchase or resale at a predetermined time and

price" referred to here, is also known as repurchase agreement transaction.

Clause (2)

Self-explanatory.

Clause (3)

Self-explanatory.

Clause (4)

Self-explanatory.

## Article 7

Clause (1)

The notification letter referred to in this clause may be submitted through electronic media.

Examples of changes in the composition of the Securities in the portfolio of Investment Funds in the form of Collective Investment Contracts that are not caused by transaction actions performed by Investment Managers are:

1. redemption and/or repayment;
2. payment of dividends and other expenses;
3. movement in the Fair Market Value of Securities;
4. changes in paid-up capital of the Issuer; and/or
5. changes in the weighting of a Securities in the Fund reference index.

Clause (2)

For Example:

If within 20 (twenty) exchange days the adjustment period for the composition of the Portfolio of Securities of the Investment Funds in the form of a Collective Investment Contracts has expired however the price of Securities that must be sold to adjust the composition of the Portfolio of Securities decreases below the acquisition price, the Investment Manager may request approval from the Custodian Bank to extend the adjustment period for the composition of the Portfolio of Securities of the Investment Funds Collective Investment Contracts until market conditions improved.

Clause (3)

Self-explanatory.

Article 8

Self-explanatory.

Article 9

Letter a

Self-explanatory.

Letter b

Examples of certain conditions set by the Financial Services Authority as referred to in this letter are force majeure.

Article 10

Self-explanatory.

Article 11

Self-explanatory.

Article 12

Self-explanatory.

Article 13

Self-explanatory.

Article 14

Self-explanatory.

Article 15

Clause (1)

Open-Ended Investment Funds in the form of a Collective Investment Contracts is the Investment Funds that may offer and redemption Participation Units from investors up to a number of Participation Units that have been stipulated in the Collective Investment Contracts.

Clause (2)

When this Regulation of Financial Services Authority comes into force, the rules and regulations in the Capital Market sector that regulate the Fair Market Value of Securities in Portfolio of Investment Funds that apply are Regulation Number IV.C.2, Annex to the

Decision of the Head of the Capital Market Supervisory Board and Financial Institutions Number: Kep-367/BL/2012 dated on 9 July 2012 concerning the Fair Market Value of Securities in Portfolio of Investment Funds.

**Article 16**

Self-explanatory.

**Article 17**

**Clause (1)**

Self-explanatory.

**Clause (2)**

Letter a

Self-explanatory.

Letter b

Family members as referred to in this clause are husband/wife, children, parents, and siblings.

Letter c

Self-explanatory.

Letter d

Marketing activities in this case include promotional activities or loyalty programs (candidate of) Investment Funds customers.

**Clause (3)**

Self-explanatory.

**Article 18**

**Clause (1)**

Self-explanatory.

**Clause (2)**

Provisions concerning Participation Unit Transactions for Investment Funds in the form of Collective Investment Contracts whose Participation Units are traded on the Stock Exchange as referred to in this clause are intended for the sale of Participation Units performed by Participating Dealers and/or Sponsors to Investment Managers managing Investment Funds in the form of

Collective Investment Contracts whose Participation Units are traded on the Stock Exchange.

Article 19

Self-explanatory.

Article 20

Self-explanatory.

Article 21

Self-explanatory.

Article 22

Self-explanatory.

Article 23

Clause (1)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

"Emergency" in this letter means a force majeure beyond the ability of the Party as a result of, among others, the existence of war, natural events such as earthquakes or floods, strikes, sabotage or riots, the decline of most or all of the prices of Securities listed on the Stock Exchange in such a large and material nature that occurs suddenly (crash), or failure of the trading system or transaction settlement.

Letter d

Self-explanatory.

Clause (2)

Self-explanatory.

Clause (3)

Self-explanatory.

Clause (4)

The written notice in this clause may be delivered electronically.

## Article 24

In practice, "the purchase order for the Participation Unit of the Investment Funds in the form of a complete Collective Investment Contracts" is also referred to as a complete application.

## Article 25

Self-explanatory.

## Article 26

Self-explanatory.

## Article 27

### Clause (1)

In practice, "a complete order for the purchase of Participation Unit of Investment Funds in the form of Collective Investment Contracts" This is also referred to as a complete application.

### Clause (2)

Self-explanatory.

## Article 28

### Clause (1)

Submission of a letter or written confirmation of ownership of Participation Unit of Investment Funds in the form of Collective Investment Contracts directly to the Participation Unit holders, including through proof of account showing ownership of the relevant Participation Unit of Investment Funds at the Custodian Bank.

### Clause (2)

Self-explanatory.

### Clause (3)

Determination of how to submit a letter or written confirmation of ownership the Participation Unit of Investment Funds to the Participation Unit holders of Investment Funds as referred to in this clause is performed at the time of filling out the account opening form or at the time of updating the data of the Participation Unit

holders of Investment Funds. Examples of submission of letters or evidence of written confirmation through electronic media referred to, among others, may be through electronic mail (e-mail).

## Article 29

### Clause (1)

When this Regulation of Financial Services Authority comes into force, the rules and regulations in the Capital Market sector that regulate the applicable Investment Funds reports are Regulation Number X.D.1, annex to the Decision of the Head of the Capital Market Supervisory Board Number: Kep-06/PM/2004 dated on 9 February 2004 concerning Investment Funds Reports.

### Clause (2)

Self-explanatory.

## Article 30

### Letter a

Self-explanatory.

### Letter b

Self-explanatory.

### Letter c

Marketing costs includes commissions of the Sales Agent for the Securities of Investment Funds.

### Letter d

Self-explanatory.

### Letter e

Self-explanatory.

### Letter f

Self-explanatory.

### Letter g

Self-explanatory.

## Article 31

### Clause (1)

#### Letter a

Self-explanatory.

#### Letter b

Self-explanatory.

Letter c

Insurance costs mean the insurance cost of the Portfolio of Investment Funds of Securities.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Letter g

Self-explanatory.

Clause (2)

Self-explanatory.

Article 32

Self-explanatory.

Article 33

Self-explanatory.

Article 34

Self-explanatory.

Article 35

Clause (1)

Letter a

Self-explanatory.

Letter b

Other parties who have electronic systems that are tested for reliability in this letter include:

1. telecommunications service providers; and
2. providers of trading services through electronic systems.

Clause (2)

Self-explanatory.

Clause (3)

Letter a

Self-explanatory.

Letter b

Number 1

Self-explanatory.

Number 2

Self-explanatory.

Number 3

In practice, "reward" is also called as a fee.

Number 4

Self-explanatory.

Number 5

Self-explanatory.

Clause (4)

Self-explanatory.

Clause (5)

Self-explanatory.

Clause (6)

Self-explanatory.

## Article 36

Clause (1)

The electronic system as referred to in this clause include websites.

Clause (2)

Self-explanatory.

## Article 37

Clause (1)

Electronic payment systems as referred to in this clause include automated teller machines (ATMs) and internet banking.

Automatic debiting as referred to in this clause may be done periodically (installment).

Clause (2)

Examples of electronic payments as referred to in this clause include payments through electronic money.

Article 38

Self-explanatory.

Article 39

Self-explanatory.

Article 40

Self-explanatory.

Article 41

Self-explanatory.

Article 42

Self-explanatory.

Article 43

Self-explanatory.

Article 44

Self-explanatory.

Article 45

Self-explanatory.

Article 46

Self-explanatory.

Article 47

Self-explanatory.

Article 48

Self-explanatory.

Article 49

Self-explanatory.

Article 50

Self-explanatory.

Article 51

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

The financial statements of the dissolution of Investment Funds are according to 2 (two) financial statement bases, namely financial statements on a going concern basis and financial statements on a liquidation basis.

The financial statements on a going concern basis start from the beginning of the financial year until the date of termination of calculating the Net Assets Value of Investment Funds.

The financial statements on a liquidation basis start from the date of termination of calculating the Net Assets Value of the Investment Funds until the date of distribution of the Investment Funds liquidation proceeds.

Article 52

Clause (1)

Self-explanatory.

Clause (2)

Other parties as referred to in this clause include:

- a. Other Investment Manager; or
- b. Securities Trader intermediary.

Clause (3)

Self-explanatory.

Article 53

Self-explanatory.

Article 54

Self-explanatory.

Article 55

Self-explanatory.

Article 56

Self-explanatory.

Article 57

Self-explanatory.

Article 58

Self-explanatory.

Article 59

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Letter g

Self-explanatory.

Letter h

Self-explanatory.

Letter i

Self-explanatory.

Letter j

Self-explanatory.

Letter k

In practice, the "initial sale" is also referred to as the initial subscription.

Letter 1

Self-explanatory.

Letter m

Self-explanatory.

Letter n

Self-explanatory.

Letter o

Self-explanatory.

Letter p

Self-explanatory.

Letter q

Self-explanatory.

Letter r

Self-explanatory.

Letter s

Self-explanatory.

Letter t

Self-explanatory.

Letter u

Self-explanatory.

Letter v

Self-explanatory.

Letter w

Self-explanatory.

Article 60

Self-explanatory.

Article 61

Self-explanatory.

Article 62

Letter a

Bookkeeping as referred to in this letter includes all changes in the Portfolio of Securities, number of Participation Units, expenses, management costs, dividends, interest income or other income in accordance with the provisions of the Financial Services Authority.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Letter g

Self-explanatory.

Letter h

Self-explanatory.

Letter i

Self-explanatory.

Letter j

Self-explanatory.

Letter k

Self-explanatory.

Letter l

Self-explanatory.

Letter m

Self-explanatory.

## Article 63

Letter a

Self-explanatory.

Letter b

Annual financial statements are available on the Investment Manager's website.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Letter g

Self-explanatory.

Article 64

Self-explanatory.

Article 65

Self-explanatory.

Article 66

Letter a

Material changes as referred to in this letter include:

1. changes in the directors and/or commissioners of the Investment Manager;
2. changes to the Investment Funds investment committee and/or Investment Funds investment management team;
3. replacement of the Custodian Bank; and/or
4. replacement of the Investment Manager.

Letter b

Self-explanatory.

Article 67

Clause (1)

Self-explanatory.

Clause (2)

Self-explanatory.

Clause (3)

Self-explanatory.

Clause (4)

Changes to the Prospectus may be made available by the Investment Manager to the public and holders of Participation Units through mass media or electronic media such as the Investment Manager's website.

Clause (5)

Self-explanatory.

Clause (6)

Self-explanatory.

Article 68

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

In practice, a "legal audit" is also referred to as a legal audit and a "legal opinion" is also referred to as a legal opinion.

Letter f

Self-explanatory.

Letter g

Number 1

Self-explanatory.

Number 2

Self-explanatory.

Number 3

Self-explanatory.

Number 4

Self-explanatory.

Number 5

In practice, the "coupon rate" is also referred to as the coupon rate.

Number 6

Self-explanatory.

Number 7

Self-explanatory.

Number 8

Self-explanatory.

Number 9

Self-explanatory.

Number 10

Self-explanatory.

Number 11

Self-explanatory.

Letter h

Self-explanatory.

Letter i

Self-explanatory.

Letter j

Self-explanatory.

Letter k

Self-explanatory.

Letter l

Self-explanatory.

Article 69

Self-explanatory.

Article 70

Self-explanatory.

Article 71

Self-explanatory.

Article 72

Self-explanatory.

Article 73

Self-explanatory.

Article 74

Self-explanatory.

Article 75

Self-explanatory.

Article 76

Self-explanatory.

Article 77

Self-explanatory.

Article 78

Self-explanatory.

Article 79

The adjustment obligation in this Article may be followed by changes to the Investment Funds Collective Investment Contracts. If not followed by changes in the Investment Funds Collective Investment Contracts, the implementation of Investment Funds management must be according to the provisions of this Regulation of Financial Services Authority.

Article 80

Self-explanatory.

Article 81

Self-explanatory.

Article 82

Self-explanatory.

Article 83

Self-explanatory.

Article 84

Self-explanatory.

ADDITIONAL STATE GAZETTE OF REPUBLIC OF INDONESIA NUMBER 5886