

PRESS RELEASE ON ISSUANCE OF BAPEPAM RULES

On Monday, 9 February 2004, Bapepam issued 5 (five) rules which consisted of 4 (four) revised rules and one new rule. The revised rules are Bapepam Rule Number III.D.1 concerning Trading Organizer of Government Debt Securities, Bapepam Rule Number IV.B.1 concerning Guidelines for the Management of Investment Fund in the Form of Collective Investment Contract, Bapepam Rule Number IV.B.2 concerning Guidelines for Contract of Investment Fund in the Form of Collective Investment Contract, and Bapepam Rule Number X.D.1 concerning Investment Fund Reports. The new rule is Bapepam Rule Number IX.A.12 concerning Public Offering by Shareholders.

I. Bapepam Rule Number III.D.1 concerning Trading Organizer of Government Debt Securities

The rule is a revision of former Bapepam rule which was attached to the Decision of Bapepam Chairman Number Kep-16/PM/2003 dated 25 March 2003. The improvement was related to the omission of one article which stated the requirement of recommendation from institution issuing business license for candidates of trading organizer of Government Debt Securities member.

II. Bapepam Rule Number IV.B.1 concerning Guidelines for the Management of Investment Fund in the Form of Collective Investment Contract

The rule is an amendment of former Bapepam Rule, which was attached to the Decision of Bapepam Chairman Number Kep-15/PM/2002 dated 14 August 2002. Some issues were added in the revised rule, such as some matters related to law enforcement improvement, investment fund management professionalism, synchronization with international practice, and investor protection. The improvement is expected to build stronger and internationally standard investment fund industry.

More specifically, issues that were added in the Bapepam Rule Number IV.B.1 are including the following:

1. The requirement to implement Know Your Client Principles in giving services to prospective clients;
2. Greater power of Custodian Bank, i.e. the authority to decline instruction of Investment Manager in the case the instruction at the time received by the Custodian Bank clearly violates the rules and regulations of capital market and or Collective Investment Contract;
3. The possibility of the Investment Manager to do hedging transactions which should not be greater than Securities value purchased from foreign Securities Exchange.
4. The obligation of the Investment Manager to place the investment fund in cash or that equivalent to cash of no less than 2% (two percent) of the Net Asset Value of Investment Fund;

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5. The obligation of Investment Manager or Selling Agent to ensure that the prospective Participation Unit Holder has understood the content of Investment Fund Prospectus before purchasing the Participation Unit;
6. The Participation Unit Redemption Form which has been completely received by the Investment Manager by one o'clock in the afternoon of Western Indonesian Time must be processed based on Net Asset Value of the Investment Fund stated at the end of the respective Exchange day;
7. The initial Net Asset Value of Investment Fund denominated in foreign currency is US\$ 1 (one United States Dollar) or EUR 1 (one Euro) and matters concerning investment fund liquidation.

III. Bapepam Rule Number IV.B.2 concerning Guidelines for Contract of Investment Fund in the Form of Collective Investment Contract

The rule is a revision of former Bapepam Rule which was attached to the Decision of Bapepam Chairman Number Kep-16/PM/2002 dated 14 August 2002. The revision includes the determination of more systemic arrangement of articles in order to make it easier for the capital market participants to implement the rule.

Meanwhile, new issues were also added. They were similar matters added in the revision of Bapepam Rule concerning Guidelines for the Management of Investment Fund in the Form of Collective Investment Contract which are meant to ensure that Investment Managers and Custodian Banks contractually implement those issues in the Investment Fund operation.

IV. Bapepam Rule Number IX.A.12 concerning Public Offering by Shareholders

The rule making was based on the fact that there has not been sufficient regulation governing the selling execution of Issuer or Public Company shares owned by shareholders (divestment) through public offering. The issuance of this rule is expected to ensure the legal certainty in divestment process.

Substantial matters governed by this rule include the following:

1. Issuer or Public Company Shareholders, either individuals or legal entity, who will divest their shares through public offering, must understand and implement disclosure principles in the Prospectus which describes information concerning both person executing divestment and Issuer or Public Company whose shares would be offered through public offering.
2. To ensure the transfer of rights, the offered shares must be legally owned, free of conflict, and must not be guaranteed or offered to any other Person.
3. Any cost raised as a result of the offering must be the full responsibility of the offering shareholders and not the Issuer or Public Company whose shares are offered, considering that this kind of offering is not a corporate action.
4. The allocation of shares must be prioritized to subscribers who are shareholders rather than subscribers who are not shareholders of the respective shares.
5. The difference between Public Offering executed by Issuer or Public Company and that by Shareholders is the obligation that must be fulfilled by Person

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executing Public Offering after the conduction of Public Offering. On one hand, Public Offering by Issuer or Public Company is followed by the obligation of reports submission and information disclosure. On the other hand, in Public Offering by Shareholders, such things are not required.

6. Considering the exposed nature of this offering so that any Person may subscribe with similar requirement, Person who becomes the new controller must be exempt from the obligation to conduct Tender Offer as stipulated in Bapepam Rule Number IX.H.1 concerning Open Limited Company Take Over and Bapepam Rule Number IX.F.1 concerning Tender Offer.
7. In the case a shareholder intends to sell his share ownership to other company beside Issuer or Public Company through Public Offering, the Public Offering of such shares may only be carried out by the company in accordance with Public Offering provisions as stipulated in Bapepam Rule Number IX.A.2 concerning Registration Procedures for Public Offering and other related regulations.

V. Bapepam Rule Number X.D.1 concerning Mutual Fund Reports

The rule is a revision of former Bapepam Rule which was attached to Decision of Bapepam Chairman Number Kep-14/PM/1997 dated 30 April 1997. The revision was based on the insufficiency of manual reporting system in monitoring Investment Fund despite the robust development of Investment Fund Industry. By the implementation of new reporting system, it is expected that the disclosure quality of Investment Fund management may be enhanced.

In order to monitor Investment Fund effectively and professionally, the revised rule stipulates that the Investment Fund reporting must be carried out electronically using certain system approved by Bapepam. The former reporting which was conducted monthly is now amended into two kinds of reporting, daily reporting and monthly reporting.

Other matters set in the rule are concerning the obligation of Custodian Bank and Investment Manager to ensure the completeness and accuracy of reporting data and concerning the additional provision which states that the director of Investment Fund in the form of Limited Liability Company is Person who may submit reports to Bapepam.

Jakarta, 09 February 2004

Capital Market Supervisory Agency

On behalf of Chairman

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