

ATTACHMENT

Decision of Chairman of Bapepam

Number: Kep-20 /PM/2003,

Date : May 8, 2003

RULE NUMBER V.D.5 : MAINTENANCE AND REPORTING OF NET ADJUSTED WORKING CAPITAL

1. Every Securities Company must have Net Adjusted Working Capital, with the following provisions:
 - a. Securities Company which carries on business as Underwriter must have Net Adjusted Working Capital at least IDR. 25,000,000,000.00 (twenty five billion Rupiahs).
 - b. Securities Company which carries on business as Broker-Dealer that administers client securities accounts must have Net Adjusted Working Capital at least IDR. 25,000,000,000.00 (twenty five billion Rupiahs).
 - c. Securities Company which carries on business as Broker Dealer that does not administer client securities accounts must have Net Adjusted Working Capital at least IDR. 200,000,000.00 (two hundred million Rupiahs).
 - d. Securities Company which carries on business as Investment Manager must have Net Adjusted Working Capital at least IDR. 200,000,000.00 (two hundred million Rupiahs).
 - e. Securities Company which carries on business as both Underwriter and Investment Manager must have Net Adjusted Working Capital at least IDR. 25,200,000,000 (twenty five billion and two hundred million Rupiahs).
 - f. Securities Company which carry on business as both Broker Dealer that administers client securities accounts and Investment Manager must have Net Adjusted Working Capital at least IDR. 25,200,000,000 (twenty five billion and two hundred million Rupiahs).
2. Securities Companies must prepare reports on Net Adjusted Working Capital by using Forms V.D.5-1, V.D.5-2, V.D.5-3, and V.D.5-4, with the following requirements:
 - a. These reports must be signed by a director of the Securities Company and kept in the Accounting Division of the Securities Company head office; and
 - b. These reports must be prepared in digital format with the rows and columns referring to this rule and sent in a diskette or by E-mail in accordance with technical specification determined by Bapepam for each Securities Company.
3. On each workday by 09:00 West Indonesian Time, Securities Company must maintain and report to Bapepam, the Stock Exchange (for member), and the Clearing Guarantee Corporation (for member) its Net Adjusted Working Capital as referred in to item 2, showing the closing position as of the previous day.
4. Securities Exchange shall prohibit members that do not report Net Adjusted Working Capital as referred in to item 3 from trading on the Exchange.
5. Securities Company must submit monthly report on statistics of the activities in digital format by using Form V.D.5-5, to Bapepam not later than on the fifth workday of the following month. Delay in submission of this report is subject to fine pursuant to article 63, letter c, Government Regulation Number 45 of 1995 regarding Engaging Activities in Capital Market.

6. When Securities Company fails to meet the Net Adjusted Working Capital requirements referred in to item 1, on the next day the Securities Company must :
 - a. Halt the opening of Securities Account for new clients;
 - b. Halt the transactions that will increase long or short positions in the company's own portfolio, except to exercise or sell the preemptive rights.
 - c. Halt all transactions that will increase the debit balance or short position in the account of clients.
 - d. Halt all purchases and sales for the account of clients, excepts for trades that reduce short positions or debit balances or the exercise or sale of preemptive rights, when the deficiency of Net Adjusted Working Capital is more than 20 % of the amount required;
 - e. Submit to Bapepam a plan that include the schedule, the method, and the manner of increasing the capital, reducing business activities, or going out of business, with copies to the Securities Exchange of which the Securities Company is a member.
7. Bapepam may approve, disapprove, or request improvements in the Securities Company's plan indicated in letter e, item 6 of this rule.
8. On each day that the Securities Company continues to be in violation of the Net Adjusted Working Capital requirement, the Securities Company must report in writing as to the implementation of the plan mentioned in letter e, item 6, of this rule to Bapepam and the Exchange of which the Securities Company is a member.
9. Bapepam shall cancel the business license of the Securities Company and require the Securities Company to submit a plan for settling all liabilities to clients, when the Securities Company fails to meet the Net Adjusted Working Capital requirements for a continuous period of more than 30 days or more than 60 days in any 12 month period.
10. The Inspection Unit of the Securities Exchange must conduct an on-site inspection of each exchange member that fails to meet the Net Adjusted Working Capital requirement, not later than 13:00 (West Indonesian Time) of the next day or on the day on which the member fails to submit a Net Adjusted Working Capital report, with the following requirements :
 - a. The Securities Exchange Inspection Unit must supervise the activities of the Exchange Member that is in violation of the Net Adjusted Working Capital rule, in order to ensure that the Exchange Member does not do any activities prohibited by this rule;
 - b. The Securities Exchange Inspection Unit must report immediately to Bapepam each act of the exchange member that is in violation of this rule and the sanction imposed by the Exchange to the member.
11. The Securities Exchange Inspection Unit must report to Bapepam not later than 15:00 (West Indonesian Time) of the next day after initiating in the inspection indicated in item 10 of this rule, with respect to the following matters:
 - a. A report on compliance with respect to rule number V.D.3 on Internal Controls and Maintenance of Books and Records by Securities Companies;
 - b. Whether or not it is necessary to impose greater limitations of the activities of the Exchange Member for the purpose of protecting the interests of clients; and
 - c. An evaluation as to feasibility of the plan sent to Bapepam by the Exchange Member to ensure that the plan is feasible to be implemented.

12. Directors of the Securities Company that supervise activities as broker-dealer or underwriter must attend a continuing education program managed by the Professional Standard Committee, every three years to enhance their understanding on the following matters:
 - a. Rule Number III. A.10 on Securities Transactions;
 - b. Rule Number V.D.3 on Internal Controls and Books Keeping of Securities Companies;
 - c. Rule Number V.D.4 on Control and Protection of Securities deposited with Securities Companies;
 - d. Rule Number V.D.5 on Maintenance and Reporting of Net Adjusted Working Capital;
 - e. Information that must be reported in forms V.D.5-1, V.D.5-2, V.D.5-3, V.D.5-4, and V.D.5-5; and
 - f. Rule number VI.A.3 on Securities Accounts at Custodians.
13. Accountants that audit financial reports of Securities Companies must verify the calculations of Net Adjusted Working Capital, using a random sample of 15 work days during the year, and give an opinion as to whether Net Adjusted Working Capital was based on correct information and whether the calculation was performed and reported correctly.
14. Without least affecting the effectiveness of criminal provision of the Capital Market, Bapepam has the authority to impose sanction on any Party that violates this rule or any Party that causes the violation of this rule.

Signed in Jakarta
On May 8, 2003
Chairman of the Indonesian Capital Market
Supervisory Agency

Herwidayatmo
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Copied as appears on the original version
Executive Secretary

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