

*Explanation of Investigation Result of BBKA Share Trading
Transactions Case*

Monday 1 October 2001

I. INTRODUCTION

Bapepam on Monday, October 1st, 2001, gave explanatory statement to public regarding result of the investigation on the case of BBKA share trading transaction. This explanation is set forth subsequent to previous explanation to public that Bapepam has already issued to (on July 19th and August 3rd, 2001) and in response to Bapepam accountability as a public Institution to serve public.

II. INVESTIGATION ACTIONS

In relation with suspected violation against Law no 8 of 1995 concerning Capital Market on the case of BBKA share transaction in period of May 15th to June 29th 2001, Bapepam conducted a series of intensively investigation in line with stipulation of Article 100 of Capital Market Law, which include certain matters as follows:

1. On the spot investigation

To 20 Securities Companies

2. Documents Request, comprises:

- a. Documents related with BBKA shares trading transactions in trading period of May 15th – June 29th 2001, requested to 152 Securities Companies, PT Jakarta Stock Exchange, and other SROs; and
- b. Documents related with BBKA transaction and IPO II to:
 - i. Indonesian Bank Restructuring Agency (IBRA)
 - ii. PT Bank Central Asia Tbk,
 - iii. PT Jakarta Stock Exchange
 - iv. Underwriter
 - v. Sales Agent
 - vi. Registrar,
 - vii. Indonesian Central Securities Depository,
 - viii. Indonesian Clearing Gurantee Corporation,
 - ix. PT Bank Niaga (acted as a Custody)

3. Analysis and Research, covers:

- a. Transactions pattern conducted by related Exchange Member;
- b. Identification of investors conducted transaction;
- c. Pattern of transaction exercised by their clients; and
- d. Process in determining the share price and pattern of shares allotment as part of IPO II of BBCA share.

4. Summons and Investigation of 70 parties comprises:

- a. 63 securities companies,
- b. Board of Directors of PT Bank Central Asia Tbk,
- c. Indonesian Bank Restructuring Agency (IBRA)
- d. Board of Directors PT Danareksa,
- e. Investors

III. FACTS AND LAW ANALYSIS

Base on authority bestowed upon Bapepam stipulated in Article 100 of Capital Market Law also base on facts and findings as results of the investigation conducted by Bapepam Investigation Team, therefore, Bapepam, hereby, states as follows :

1. Market Manipulation Case

a. Regulation Basis :

i. Article 91 of Capital Market Law

Every Person is prohibited from, directly or indirectly, taking any action that has the purpose of creating a false or misleading appearance of trading activity, market conditions or the price of Securities on a Securities Exchange

Article 92 of Capital Market Law

Every Person, either alone or with others, with intent to influence others to buy, sell or hold Securities, is prohibited from making two or more Securities Transactions, that directly or indirectly cause the price of Securities on the Securities Exchange to rise, fall, or remain steady.

b. Facts

There are selling and buying transactions exercised in period of May 15th to June 29th 2001, contains no changes in ownership. These actions was exercised by these following parties also accompanied by facts :

i. PT. Jamsostek

- ◆ **Facts** : Total of Buying Transactions is 104,710,000 shares (with average share price of Rp1,142.68 per share) and Total of Selling Transactions is 33,540,000 shares (with average share price of Rp1,078.24 per share)
- ◆ **Investigation Result** : There is 1 (one) transaction without ownership changes on June 11th 2001 with total transaction of 215,000 shares at price of Rp1,175 per share.
- ◆ **Market Price** : Market price of BBKA share in the period of June 5th to June 19th 2001 was around Rp1,025 to Rp1,250.
- ◆ **Information** : Information which develops in trading period of June 5th to June 19th 2001 were (1) anticipation of Strategic Sale, (2) People Consultative Assembly proposed a Special Parliament Session, and (3) Paris Club Agreement

ii. Pihak Danareksa

- ◆ **Facts** : Total of Buying Transactions is 22,393,000 shares (with average share price of Rp1,062.56 per share) and Total of Selling Transactions is 29,010,000 shares (with average share price of Rp1,066.95 per share).
- ◆ **Investigation Result** : There were 3 (three) transactions with no ownership changes occurred on May 17th, May 30th, and June 7th 2001, in total of 650,000 shares traded at Rp925; Rp1,050; Rp1,150 per share.
- ◆ **Market Price** : Market price of BBKA in the period of May 15th to June 19th 2001 was around Rp875,- to Rp1,250.

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- ◆ **Information** : Information which develops in trading period of June 5th to June 19th 2001 were about significant events relating : (1) IBRA announcement in newspapers pertaining sales of 40% of its ownership in BBKA share, (2) Preliminary Bid, (3) Data Room Due Diligence, (4) anticipation of strategic sale, (5) People's Consultative Assembly proposed a Special Parliament Session plan.

iii. Bahana parties

- ◆ **Facts** : Total of Buying Transactions is 4,525,000 shares (with average share price of Rp1,047.89 per share) and Total of Selling Transactions is 18,975,000 shares (with average share price of Rp966.51 per share).
- ◆ **Investigation Result** : There was 1 (one) transaction without ownership changes occurred on May 21th 2001, in total of 55,000 shares traded at Rp900 per share.
- ◆ **Market Price** : Market price of BBKA in the period of May 15th to May 30th 2001 was around Rp875 to Rp1,050.
- ◆ **Information** : Information which develops in trading period of May 15th to June 30th 2001 were about important events relating: (1) IBRA announcements in newspapers pertaining sales of 40% of its ownership in BBKA share, and (2) Preliminary Bid.

iv. PT Lippo Investment Management

- ◆ **Facts** : Total of Buying Transactions is 7,500,000 shares (with average share price of Rp979.88 per share) and Total of Selling Transactions is 17,920,000 shares (with average share price of Rp994.35 per share).
- ◆ **Investigation Result** : There was 1 (one) transaction without ownership changes occurred on June 27th 2001, in total of 5,000 shares traded at Rp1,000 per share.

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- ◆ **Market Price** : Market price of BBKA in the period of June 25th to June 28th 2001 was around Rp1,175 to Rp950.
- ◆ **Information** : Information which develops in period of June 25th to June 28th 2001 were about important events pertaining: (1) Final Bid, and (2) Determining Public Offering price at Rp900 per share.

c. Result of Investigation

- i. The transactions mentioned above compare with whole transactions exercised by each parties, do not show significant percentage as described in this tabel below:

Investor Name	Selling and Buying Transactions			Number of BBKA Shares		
	Total	Without Ownership Changes	% of Total	Total (x1000)	Without Ownership Changes (x1000)	% of Total
Jamsostek	24 X	1 X	4,2%	B:103.710	B: 215	B: 0,21%
				J: 25.725	J: 215	J: 0,84%
Danareksa	15 X	3 X	20%	B: 22.393	B: 650	B: 2,90%
				J: 29.010	J: 650	J: 2,24%
Bahana	18 X	1 X	5,6	B: 4.525	B: 50	B: 1,1%
				J: 18.380	J: 50	J: 0,27%
Lippo Invt. Mgt.	18 X	1 X	5,6%	B: 6.985	B: 5	B: 0,07%
				J: 15.010	J: 5	J: 0,03%

- ii. The market price is not formed by the transactions mentioned above but it was due to progress of BBKA share divestment made by IBRA and issues that develops in public.

d. Conclusion

Base on stipulation in article 91 and Article 92 of Capital Market Law, also base on facts and findings of investigation result mentioned above, Bapepam comes to the decision that the transactions exercised by those parties cannot be categorized as Market Manipulation.

This is with respect to tradings executed by those parties do not congruent with the terms in Article 91 and Article 92 stipulation such as: viable purpose of manipulation, influenced securities price in exchange, or any conspiracy to be categorized as Market Manipulation.

2. Case of Insider Trading

a. Regulation Basis ,

i. (Article 95 of Capital Market Law)

An insider with respect to an Issuer or Public Company, who is in possession of inside information, is prohibited from buying or selling Securities of:

- a. the Issuer or Public Company; or*
- b. another Company engaged in transactions with the Issuer or Public Company.*

ii. (Article 98 of Capital Market Law)

A Securities Company that has inside information concerning an Issuer or a Public Company is prohibited from engaging in Securities transactions of such Issuer or Public Company, unless:

- a. the transaction is made for the account of and in accordance with instructions of a client; and*
- b. the Securities Company makes no recommendation to the client with respect to such Securities.*

b. Fakta / Facts

i. **Insider** : PT Danareksa Sekuritas as Managing Underwriter and Financial Adviser in IPO II and Strategic Sale in BBKA share.

ii. **Inside Information** : Information possessed by Insider until June 29th 2001 pertaining IBRA divestment in BBKA share which will be sell at the price of Rp900,- per share.

After June 29th 2001 (The Signing of Underwriting Agreement of BBKA Share), the Inside Information can no longer be categorized as Inside Information or the information has become Public Information.

iii. Insider Trading :

There is no transaction executed by insider for the benefit of insider.

PT Danareksa Sekuritas engaged in the transactions merely just acted on behalf of its clients (Total number of PT Danareksa clients who conduct transactions on BBKA shares is 202 clients), therefore the transaction is exempted from outlawed Insider transaction in line with stipulation in article 98 of Capital Market Law.

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c. Hasil Pemeriksaan

- i. PT Danareksa Sekuritas is not proven in exercising transaction for its own interest (its own behalf).
- ii. Sale price is calculated from pattern of Price to Book Value (P/BV) in 2000 by PT Danareksa Sekuritas as stated in Memorandum of Risk Evaluation (MRE) made by PT Danareksa Sekuritas on June 27th 2001.
- iii. Price base on P/BV is around Rp900 to Rp975.
- iv. On June 29th 2001 price is determined at Rp900 simultaneously with the signing of Underwriting Agreement of BBKA share between Underwriters, PT. BCA, and IBRA.
- v. No evidence that shows party is in possession of inside information while executing BBKA share transaction in period of May 15th to June 29th 2001.
- vi. No sufficient aspects to fit with stipulation in Article 95 which culmulatively are: (1) presence of Insider; (2) Inside Information; and (3) Insider Trading, with this respect there is no Insider Trading.

d. Conclusion

Base on stipulation of Article 95 and Article 98 of Capital Market Law, also base on facts and findings as result of the investigation which have already been mentioned above, Bapepam comes to decision that transaction executed by the parties can not be categorized as insider trading.

IV. CLOSING

1. Base on Bapepam's findings concerning the investigation mentioned above, therefore Bapepam inform to public that providing in the future there is new evidence to be found by public and submitted to Bapepam, in response Bapepam will continue its investigation or can phase up to crime investigation base on the new facts and findings.
2. The mentioned decision that has already been taken is merely base on facts and findings of Bapepam investigation result.

**Badan Pengawas Pasar Modal /
Capital Market Supervisory Agency**