

ATTACHMENT

Decision of the Chairman of
Capital Market Supervisory Agency
Number : Kep-21/PM/2004
Date : 28 May 2004

RULE NUMBER VIII.G.8 : ACCOUNTING FOR INVESTMENT FUND

ACCOUNTING FOR SECURITIES PORTFOLIO

1. Securities transactions shall be recorded as of the trade date, rather than the settlement date, with the following provisions:
 - a. Securities purchased shall be debited to the investment account at cost, plus transaction costs and the balance shall be reported in line 1, 2, 3, or 4 of Form Number X.D.1-1, Attachment 1 of Bapepam Rule Number X.D.1 and shall be credited to the payable for Securities purchased account and the balance shall be reported in line 12 of Form Number X.D.1-1, Attachment 1 of Bapepam Rule Number X.D.1;
 - b. Securities sold shall be credited to the investment account at the sales price, less transaction costs and the balance shall be reported in line 1, 2, 3, or 4 of Form Number X.D.1-1, Attachment 1 of Bapepam Rule Number X.D.1, and shall be debited to the receivable for Securities Sold Account and the balance shall be reported in line 18 of Form X.D.1-1, Attachment 1 of Bapepam Rule Number X.D.1;
 - c. Brokerage commissions shall be recorded in a memorandum account and reported in lines 25 and 26 of Form X.D.1-5 Attachment 5 of Bapepam Rule Number X.D.1
 - d. Investment in money market instruments, which shall include Debt Securities with original maturity of less than one year, shall be reported in line 1 of Form Number X.D.1-1 Attachment 1 of Bapepam Rule Number X.D.1, with the portfolio details shown in Form Number X.D.1-4 Attachment 4 of Bapepam Rule X.D.1;
 - e. Investment in other debt instruments including Debt Securities with original maturity of one year or more, such as bonds and convertible debentures, shall be reported in line 2 of Form X.D.1-1 Attachment 1 of Bapepam Rule Number X.D.1, with the portfolio details shown in Form Number X.D.1-4 Attachment 4 of Bapepam Rule Number X.D.1;
 - f. Investment in equity shall be reported in line 3 of Form Number X.D.1-1 Attachment 1 of Bapepam Rule Number X.D.1, with the portfolio details shown in Form Number X.D.1-4 of Bapepam Rule Number X.D.1;
 - g. Investment in warrants and rights, which shall include unexpired warrants and rights and other equities, such as foreign Investment Fund Participation Unit and

- Asset-Backed Securities, shall be reported in line 4 of Form Number X.D.1-1 Attachment 1 of Bapepam Rule Number X.D.1, with the portfolio details shown in Form Number X.D.1-4 Attachment 4 of Bapepam Rule Number X.D.1;
- h. Periodic net profit or loss, which has not been distributed shall be recorded in Accumulation of Profit/Loss up to the Recent Year and shall be reported in line 18 of Form Number X.D.1-1 Attachment 1 of Bapepam Rule Number X.D.1; and
 - i. In the event that investment fund were purchasing securities at public offering, the transaction book keeping prior to allotment date shall be debited to Other Asset – down payment of securities purchasing and shall be reported in line 10 of Form Number X.D.1-1 Attachment 1 of Bapepam Rule Number X.D.1 and shall be credited to cash account.

ACCOUNTING FOR PROFIT AND LOSS

- 2. The investment account of an Investment Fund shall be adjusted to fair market value on each working day based on evaluation of value of each Security as specified in Rule Number IV.C.2, with the following provisions:
 - a. Daily adjustment of investment account value shall be debited or credited to the respective investment account and to the account reported in line 20 of Form Number X.D.1-1 Attachment 1 of Bapepam Rule Number X.D.1 as unrealized net profit or loss; and
 - b. Memorandum accounts must be maintained for each Security showing the aggregate net cost.
- 3. Interest income of Debt Securities must be accrued daily and debited to interest receivable and credited to unrealized net profit or loss and reported in lines 7 and 20 of Form Number X.D.1-1 Attachment 1 of Bapepam Rule Number X.D.1, with the following provisions:
 - a. An allowance must be established for doubtful or default interest;
 - b. The purchase discount from the principal value of debt securities without interest coupon shall be accrued daily as interest income;
 - c. The difference between the cost and sales price of debt securities acquired under an irrevocable repurchase agreement shall be treated as interest income and accrued daily;
 - d. Interest on coupon bonds that are traded on a basis, net of accrued interest, shall be posted as follows:
 - 1) The accrued interest paid in addition to the purchase price shall be debited to the interest receivable account and credited to the cash account;
 - 2) Interest on the current coupon shall be accrued daily and debited to interest receivable and credited to net investment profit or loss, and reported in line 2 of Form Number X.D.1-2 Attachment 2 of Bapepam Rule Number X.D.1; and

- 3) Interest received (or sold) shall be debited to cash account and credited to interest receivable; and
 - e. Interest on coupon bonds that are traded on a basis that includes accrued interest, shall not be accrued daily but shall be posted on the ex-interest date, in a manner similar to dividends received on stock.
4. Dividend income must be recorded as of the ex-dividend date (for Securities traded on a Securities Exchange), or as of the date on which dividends are assigned to shareholders of record (for Securities not traded on a Securities Exchange), and posted to the dividends receivable account, and reported in lines 6 and 22 of Form Number X.D.1-1 Attachment 1 of Bapepam Rule Number X.D.1 and in line 1 of Form Number X.D.1-2 Attachment 2 of Bapepam Rule Number X.D.1.

An allowance must be established for doubtful or default dividend receivable.

5. Realized net profits or losses from Securities transactions must be determined based on the average cost method, which include:
 - a. Cost including commissions and transaction fees; and
 - b. The difference between the average costs of the Securities sold and the net sales price shall be posted to a special realized capital profit or loss account and reported in line 21 of Form Number X.D.1-1 Attachment 1 of Bapepam Rule Number X.D.1 and in line 11 of Form Number X.D.1-2 Attachment 2 of Bapepam Rule Number X.D.1.
6. Each entry of realized and unrealized investment income reported in lines 20, 21, and 22 of Form Number X.D.1-1 Attachment 1 of Bapepam Rule Number X.D.1 shall include a detailed sub-account that records the amount of such realized or unrealized investment income that pertains to each Unit or shareholder of the fund.
7. Management expenses, Custodian expenses, and other expenses related to open-end Investment Fund shall be charged daily to the fund.

SHARES OR UNITS ISSUED ACCOUNTS (especially for open-end Investment Fund)

8. Individual shares or Units issued account must be maintained for each investor in an open-end Investment Fund, with the following provisions:
 - a. Upon issuing shares or Units, the total amount of the net issue price shall be credited to the individual shares or Units issued account of the investor and reported in line 16 of Form Number X.D.1-1 Attachment 1 of Bapepam Rule Number X.D.1 and in line 7 of Form Number X.D.1-3 Attachment 3 of Bapepam Rule Number X.d.1;
 - b. Upon redemption of shares or Units, the amount debited to the individual shares or Units issued account must be equal to the balance in the individual's account prior to the redemption, times the redemption ratio. The redemption ratio is a ratio of shares or Units redeemed to the total shares or Units owned by the investors prior to redemption;

- c. The total value of shares or Units redeemed shall be reported in line 8 of Form Number X.D.1-3 Attachment 3 of Bapepam Rule Number X.D.1; and
 - d. The difference between the total value of shares or Units redeemed and the value debited to the shares or Units issued account, shall be debited using the same ratio as described in letter b above, to each of the realized and unrealized income account for each individual investor;
9. Cash distribution to shareholders or Unit Holders shall be credited to the cash account and debited to the shares or Units issued account, and to the realized and unrealized investment income account of each individual investor in proportion to the balances in each individual account as compared to the total distribution to each individual investor.
- Cash distributions shall be reported in line 8 of Form Number X.D.1-3 Attachment 3 of Bapepam Rule Number X.D.1 and reflected in the balances reported in line 5, 6, 20,21, and 22 of Form Number X.D.1-1 Attachment 1 of Bapepam Rule Number X.D.1.
10. If permitted in the collective investment contract, or in the articles of association of an open-end Investment Fund, the net asset value per share or Unit may be increased or decreased by modifying in equal proportions as the number of shares or Unit owned by each shareholder or Unit Holder.
11. The number of shares or Units owned by each investor in an open-end Investment Fund shall be recorded to three decimal places.
12. With respect to cash distribution mentioned in number 9, Custodian shall provide investors with the same breakdown of gross proceeds as described in Rule Number X.D.1 item 6 letter f and g.

Enacted in : Jakarta
Date : 28 May 2004

Chairman of Capital Market Supervisory Agency

Signed

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Based on the original document
Acting Executive Secretary

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