

RULE NUMBER III.B.3 : QUIREMENTS OF CANDIDATES FOR DIRECTORS AND COMMISSIONERS OF A CLEARING GUARANTEE INSTITUTION.

Attachment :
Decision of the Chairman of Bapepam
Number : Kep-09/PM/1996
Date : January 17, 1996

1. Candidates for directors and commissioners of a Clearing Guarantee Institution must meet the following requirements:
 - a. be individuals who have Indonesian citizenship and are legally competent;
 - b. have never been declared bankrupt or been the directors or commissioners who were responsible for causing a company to go bankrupt;
 - c. have never been found guilty of a criminal act;
 - d. have never committed a disgraceful act in the Capital Market in particular and in the financial sector in general;
 - e. have a good character and morals;
 - f. have Capital Market expertise; and
 - g. have never engaged in a material violation of the Capital Market law and regulations.
2. In addition to the requirements referred to item 1 of this rule, the candidates for directors and commissioners of a Clearing Guarantee Institution must also meet the following additional requirements:
 - a. have a good understanding of the Capital Market law and regulations;
 - b. have a good vision about the Capital Market; and
 - c. be committed to the development of the Capital Market.
3. A Clearing Guarantee Institution may have no more than seven directors and seven commissioners.
4. The candidates for directors must be proposed by a majority of the shareholders of the Clearing Guarantee Institution through the board of commissioners and received by Bapepam at least 21 (twenty one) days before the General Meeting of Shareholders held to elect directors of the Clearing Guarantee Institution, by submitting a list of candidates in accordance with the number of positions to be filled.
5. The candidates for commissioners must be proposed by a majority of the shareholders of the Clearing Guarantee Institution and received by Bapepam at least 21 (twenty one) days before the General Meeting of Shareholders held to elect commissioners of the Clearing Guarantee Institution by submitting a list of candidates in accordance with the number of positions to be filled.
6. Nomination for the directors and commissioners of a new Clearing Guarantee Institution must be submitted to Bapepam directly by a majority of the shareholders.
7. Except in a case where the nomination of a director or commissioner is for replacing a

director or commissioner of the Clearing Guarantee Institution who resigned before his or her term was over, the list of candidates proposed by the majority shareholders must be submitted in a package of directors or a package of commissioners.

8. One of the candidates for directors must be chosen as the candidate for the president director, and the others must be chosen as the candidates for directors who are responsible for one or more of the following activities:
 - a. clearing and settlement;
 - b. guarantee and risk management;
 - c. financial management;
 - d. internal inspections;
 - e. information technology; and
 - f. human resources.
9. One of the candidates for commissioners must be chosen as the candidate for president commissioner.
10. The names of the candidates for directors or commissioners can only be proposed by a majority of the shareholders in one list of candidates.
11. The list of proposed directors and or commissioners of the Clearing Guarantee Institution must be submitted to Bapepam, accompanied by the following documents:
 - a. curriculum vitae of the proposed directors or commissioners of the Clearing Guarantee Institution;
 - b. a statement from each candidate which covers the following:
 - 1) agreement to be elected as a director or commissioner; and
 - 2) agreement to cooperate in conducting fair, orderly, and efficient Clearing Guarantee Institution activities;
 - c. a statement by each of the candidates for director not to have a duplicate job as a member of a board of directors, commissioners, or an employee of another company, when the candidate is elected as a director.
12. The notification of invitation for Shareholders' General Meeting of the Clearing Guarantee Institution must be announced 14 (fourteen) days before the date of invitation. The notification shall contain the plan to elect directors or commissioners.
13. The invitation for the Shareholders' General Meeting must be announced 14 (fourteen) days before the meeting is held.
14. Bapepam will examine the proposed directors and or commissioners by considering the requirements as specified in items 1 and 2 of this rule, and submit to the Clearing and Guarantee Institution the list of candidates who meet the requirements, no later than 7 (seven) days before the General Meeting of Shareholders.
15. The board of directors of the Clearing Guarantee Institution must send to the shareholders of the Clearing and Guarantee Institution the list of candidates who meet the requirements, no later than 4 (four) days before the General Meeting of Shareholders.

16. The term of office of directors and commissioners of the Clearing Guarantee Institution is 3 (three) years, and they may be reelected. The first term of office for commissioners of the Clearing Guarantee Institution is for 2 (two) years.
17. When a director and or a commissioner of a Clearing Guarantee Institution is appointed to replace a director or commissioner who resigned before his or her term was over, the appointment is only for the remainder of the term of the former director or commissioner.
18. When filling the vacancy in the office of director or commissioner who resigned before his or her term was over, and or when an additional director is needed, the proposed candidate must agree to cooperate with, and not have an objection from, the existing directors.
19. The term of office of the directors of the Clearing Guarantee Institution must end at a different time than that of the commissioners.
20. The Shareholders' General Meeting to elect the directors of the Clearing Guarantee Institution must be led by the president commissioner, or one of the other commissioners in the absence of the president commissioner.
21. The Shareholder's General Meeting to elect the commissioners of the Clearing Guarantee Institution must be led by the president director, or one of the other directors in the absence of the president director.