

**MINISTRY OF FINANCE OF THE REPUBLIC OF INDONESIA
THE CAPITAL MARKET AND FINANCIAL INSTITUTION SUPERVISORY AGENCY**

DUPLICATE OF

**DECISION OF THE CHAIRMAN OF THE CAPITAL MARKET
AND FINANCIAL INSTITUTIONS SUPERVISORY AGENCY
NUMBER: KEP - 429/BL/2007**

CONCERNING

**GUIDELINES FOR THE MANAGEMENT OF PROTECTED, GUARANTEED, AND
INDEX FUND**

**CHAIRMAN OF THE CAPITAL MARKET AND FINANCIAL INSTITUTIONS
SUPERVISORY AGENCY,**

Considering : That in order to harmonize investment fund regulations and to accommodate investment fund products growth, it is deemed necessary to amend Rule Number IV.C.4 concerning Guidelines for the Management of Protected, Guaranteed, and Index Fund, the attachment of Decision of the Chairman of Capital Market Supervisory Agency Number: Kep-08/PM/2005 dated 29 July 2005 with a new decision of Chairman of Capital Market and Financial Institutions Supervisory Agency.

In view of : 1. Law Number 8 year 1995 concerning the Capital Market (Statute Book year 1995 number 64, Supplement to the Statute Book Number 3608);
2. Government Regulation Number 45 year 1995 concerning Capital Market Organization (Statute Book Year 1995 Number 86, Supplement to Statute Book Number 3617) as revised by Government Regulation Number 12 year 2004 (Statute Book Year 2004 Number 27, Supplement to Statute Book Number 4372);
3. Government Regulation Number 46 year 1995 concerning Capital Market Formal Investigative Procedures (Statute Book year 1995 Number 87, Supplement to Statute Book Number 3618);
4. Decree of the President of the Republic of Indonesia Number 45/M year 2006.

HAS DECIDED:

To enact : **DECISION OF THE CHAIRMAN OF THE CAPITAL
MARKET AND FINANCIAL INSTITUTIONS
SUPERVISORY AGENCY CONCERNING
GUIDELINES FOR THE MANAGEMENT OF
PROTECTED, GUARANTEED, AND INDEX
FUND**

**MINISTRY OF FINANCE OF THE REPUBLIC OF INDONESIA
THE CAPITAL MARKET AND FINANCIAL INSTITUTION SUPERVISORY AGENCY**

Article 1

Provisions concerning Guidelines for The Management of Protected, Guaranteed, and Index Fund are regulated in Rule Number IV.C.4 as stipulated in the Attachment of this Decision.

Article 2

With the enactment of this decision, the Decision of Chairman of Capital Market Supervisory Agency Number: Kep-08/PM/2005 dated 29 July 2005 concerning Guidelines for The Management of Protected, Guaranteed, and Index Fund is declared to be revoked.

Article 3

This decision shall become effective since the date of its promulgation.

In order that all will be informed, this Regulation will be promulgated by publication in the State Gazette of the Republic of Indonesia.

Enacted in : Jakarta
Date : 19 December 2007

Chairman of Capital Market And Financial
Institutions Supervisory Agency

Signed

A. Fuad Rahmany
NIP. 060063058

Based on the original documents
Head of General Affairs Division

Prasetyo Wahyu Adi Suryo
NIP 060076008

ATTACHMENT :

Decision of the Chairman of Capital Market and
Financial Institutions Supervisory Agency

Number : Kep-429/BL/2007

Date : 19 December 2007

**RULE NUMBER IV.C.4 : GUIDELINES FOR THE MANAGEMENT OF
PROTECTED, GUARANTEED, AND INDEX FUND**

1. Protected, Guaranteed, and Index Fund are forms of Investment Funds besides those mentioned in Rule Number IV.C.3 concerning Guidelines for Daily Net Asset Value Announcement of Open ended Fund
2. Provisions which refer to investment prohibition for investment fund as regulated in Rule Number IV.A.3 concerning Guidelines for the Management of Investment in Corporate Form item 14 letter b, c, d, f, h, and r; Rule Number IV.A.4 concerning Guidelines for the Management Contract of Investment Fund in Corporate Form item 12 letter b, c, d, e, f, h, and r; Rule Number IV.B.1 concerning Guidelines for the Management of Investment Fund in the Form of Collective Investment Contract item 14 letter b, d, e, g, i, and s; and Rule Number IV.B.2 concerning Guidelines for Contract of Investment Fund in the form of Collective Investment Contract item 2 letter b, d, e, g, i, and s, are not relevant for this rule.
3. Investment Managers are prohibited from purchasing securities issued by their affiliations, except for affiliation that occurs because of government capital participation or ownership;
4. Registration statement of Protected, Guaranteed, and Index Fund must be submitted to the Capital Market and Financial Institutions Supervisory Agency (CMFISA) as regulated in Rule Number IX.C.4 concerning Registration Statement for Public Offering of Investment Fund in the Form of Limited Company or Rule Number IX.C.5 concerning Registration Statement for Public Offering of Investment Fund in the Form of Collective Investment Contract;
5. The public offering of shares and participation units for Protected and Guaranteed Fund is limited in term of time period of public offering and number of shares and participation units. Meanwhile, the public offering of Index Fund could be performed continuously or restrictedly in term of offering period and the number of shares or participation units.
6. Protected, Guaranteed, and Index Fund must name the fund after the category of fund.
7. In the case that investment manager intends to issue Protected Fund as mentioned in item 1 of this rule, the following circumstances must be fulfilled:
 - a) Investment Manager must provide additional information in the prospectus at least as follows:
 - 1). the protection mechanisms that at least consist of the following items:
 - a). the amount of the protected investment shall be at least equal to the amount of initial investment;
 - b). the time period for protection;
 - c). the earlier redemption prior to time period for protection (if any);
 - d). the scope and requirements of protection;

- e). conditions that cause the share or unit participation holders to lose the protection rights;
 - f). investment risks bared by share and participation unit holders
- 2). Investment policy that fulfill the following provisions:
- a). Investment Manager must invest in debt securities that are categorized as investment grade, so that the value of debt securities at their maturity date could at least be equal to the value of protection;
 - b). Investment Manager may purchase foreign securities whose information is accessible through mass media or any available internet facility at no more than 30% of Net Asset Value;
 - c). Investment Manager is prohibited from changing securities portfolio as mentioned in item a) above, except for investor redemption or because of securities grade decline;
 - d). Investment Manager may invest in derivative securities without any obligation to own the securities that become the underlying asset of such derivative. However, the Investment Manager must take into account that the basis for protection value is investment in debt securities.
 - e). Investment Manager has the obligation to describe the percentage of Net Asset Value of Protected Fund that will be invested in debt securities, money market instruments, and other securities by considering that investment value in debt securities shall be at least equal to the protection value at maturity date.
 - f). Investment manager must explain the criteria for selecting securities and or money market instruments.
- 3). Public offering of share or participation units that at least contain the following information:
- a). Offering time period of shares or participation units;
 - b). Minimum and maximum number of shares or participation units offered;
- 4). Protected Fund must announce and submit the report of Net Asset Value at least once a month;
- b) Investment Manager may provide in prospectus information on the performance of Protected Fund or indication of returns that will be obtained by share or participation unit holders in the future, by fulfilling the following requirements:
- 1). describe in detail the performance calculation or indication of returns, including all feasible conditions of performance or returns;
 - 2). explain the assumptions that become the calculation basis of the conditions;
 - 3). explain investment risks bared by the share or participation unit holders of Protected Fund in relation to assumption and calculation of performance and indication of returns, which at least contains the following:
 - a) market risk;
 - b) derivative risk;
 - c) interest rate risk;
 - d) credit risk;
 - e) foreign exchange risk;
 - f) industry risk;
 - g) liquidity risk;
 - h) other substantial risks related to Protected Fund;
8. In the case that Investment Manager intends to issue Guaranteed Fund as mentioned in item 1 above, then:

- a) Investment manager must submit a duplicate of guaranteeing contract among Investment Manager, Custodian Bank, and Guarantor that has been attested by a public notary to CMFISA. The contract must at least consist of:
 - 1). the amount of guaranteed investment, which shall be at least equal to initial investment amount;
 - 2). time period of guaranteeing;
 - 3). the earlier redemption prior to time period of guaranteeing (if any);
 - 4). the scope and requirements of guaranteeing;
 - 5). conditions that cause the share or unit participation holders to lose the guarantee rights;
 - 6). the requirements and Persons that may halt the guaranteeing
 - 7). investment risks bared by share and participation unit holders;
 - 8). Emergency conditions, and
 - 9). Items contained in the agreement shall not cause the loss of responsibilities of Persons in according to the existing regulations.
- b) Investment Manager must appoint an institution which acts as a guarantor and have the business license granted by the authorized institution;
- c) Investment Manager must provide additional information in the prospectus which at least contain the following items:
 - 1). The details of guaranteeing scheme as stated in letter a above
 - 2). The details of guarantor which at least mention the following:
 - a) the business license;
 - b) the brief profile of the guarantor;
 - c) guaranteeing contract.
 - 3). Investment policy which contain the following provisions:
 - a) Investment Manager must invest in debt securities that are categorized as investment grade with the value of at least 80% of the Net Asset Value of the Investment Fund;
 - b) Investment Manager may purchase foreign securities whose information is accessible through mass media or any available internet facility;
 - c) Investment Manager is prohibited from changing securities portfolio as mentioned in item a) above, except for investor redemption or because of securities grade decline;
 - d) Investment Manager may invest in derivative securities without any obligation to own the securities that become the underlying asset of such derivative;
 - e) Investment Manager has the obligation to describe the percentage of Net Asset Value of Guaranteed Fund that will be invested in debt securities and money market instruments; and
 - f) Investment manager must explain the criteria for selecting securities and or money market instruments.
 - 4). Public offering of share or participation unit that at least contain the following:
 - a) offering time period of share or participation unit;
 - b) minimum and maximum number of share or participation unit offered
 - 5). Guaranteed fund must announce and submit report of Net Asset Value at least once a month
- d) Investment Manager may provide in prospectus information on the performance of Guaranteed Fund or indication of returns that will be obtained by share or participation unit holders in the future, by fulfilling the following requirements:
 - 1). describe in detail the performance calculation or indication of returns, including all feasible conditions of performance or returns;

- 2). explain the assumptions that become the calculation basis of the conditions;
 - 3). explain investment risks bared by the share or participation unit holders of Protected Fund in relation to assumption and calculation of performance and indication of returns, which at least contains the following items:
 - a) market risk;
 - b) derivative risk;
 - c) interest rate risk;
 - d) credit risk;
 - e) foreign exchange risk;
 - f) industry risk;
 - g) liquidity risk;
 - h) other substantial risks related to Guaranteed Fund
9. In the case that investment manager intends to issue Index Fund as mentioned in item 1 above, then:
- a. Investment manager must provide additional information in the prospectus which contains the following items:
 - 1). At least 80% of Net Asset Value of Index Fund must be invested in securities that are parts of securities portfolio of the index;
 - 2). Investment in securities of index as mentioned in item 9 letter a point 1) above must amount at least 80% of all securities in specified index;
 - 3). the weighted average of each securities in the Index Fund must be at least 80% and no more than 120% of the weight of each securities in the basic index that becomes a reference;
 - 4). The level of tracking error of Index Fund performance compared to the basic index performance.
 - b. Index Fund must submit report of Net Asset Value as regulated in rule number X.D.1 concerning Investment Fund Report
 - c. Investment Manager must inform that Index Fund is accessible through mass media or any available internet facility
 - d. CMFISA has the authority to refuse securities index as underlying asset of fund investment objective by stating the reasons.
10. By no means of undermining criminal stipulation in capital market, CMFISA may impose sanctions on any violation of this rule, as well as on any Person that causes violation to occur.

Enacted in : Jakarta
Date : 19 December 2007

Chairman of Capital Market and Financial
Institutions Supervisory Agency

Signed

A. Fuad Rahmany
NIP. 060063058

Based on the original documents
Head of General Affairs Division

Signed

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