

**RULE NUMBER III.A.4 : PROCEDURES FOR MAKING AND PROPOSING
AN ANNUAL BUDGET AND PROFIT
UTILIZATION PLAN OF A SECURITIES
EXCHANGE**

Attachment :
Decision of The Chairman of Bapepam
Number : Kep-05/PM/1996
Date : January 17, 1996

1. An annual budget and profit utilization plan of a Securities Exchange shall be based on considerations that:
 - a. the purpose of a Securities Exchange is to provide for fair, orderly and efficient Securities trading;
 - b. the Securities Exchange must provide supporting facilities and control the activities of its Members;
 - c. the Securities Exchange may determine the listing fees, membership dues, and transaction fees for the services given;
 - d. the amount of the fees and dues must be determined based on the need to maintain and develop the Securities Exchange; and
 - e. in the event that the funds needed to maintain and develop the Securities Exchange are sufficient, the fees and dues may be reduced.
2. The annual budget and profit utilization plan of the Securities Exchange must endeavor to achieve Capital Market efficiency and with the goal:
 - a. to improve the system and facilities for Securities trading;
 - b. to improve the system of management and monitoring of Securities Exchange Members;
 - c. to develop an efficient system for Securities listing;
 - d. to develop the system of clearing and settlement for Exchange Transactions;
 - e. to improve the information services system;
 - f. to develop the Capital Market through promotion and research; and
 - g. to improve human resources.
3. The budget and profit utilization plan must be submitted in the form of a work plan and annual budget.

4. The work plan and the annual budget of the Securities Exchange must be organized in an accurate, timely, and systematic manner and shall contain the following:
 - a. the goals;
 - b. performance with respect to the current budget;
 - c. obstacles faced; and
 - d. assumptions and measurements used in the budget.

5. The work plan and annual budget of the Securities Exchange shall include at least:
 - a. a work plan of the Securities Exchange which describes its activities:
 - 1) to improve the Securities trading system and facilities;
 - 2) to improve the system of guidance and supervision of Members of the Securities Exchange;
 - 3) to develop an efficient system for Securities listing;
 - 4) to develop clearing and settlement systems for Exchange Transactions;
 - 5) to improve information system services;
 - 6) to develop the Capital Market through promotion and research; and
 - 7) to improve human resources;
 - b. the revenues of the Securities Exchange which are received from:
 - 1) listing fees;
 - 2) membership dues;
 - 3) transaction fees; and
 - 4) other operational revenues;
 - c. the budget expenditures of the Securities Exchange categorized by functions in accordance with the organizational structure of the Securities Exchange which, among other things, include:
 - 1) listing;
 - 2) membership;
 - 3) trading;
 - 4) market surveillance;

- 5) inspections;
 - 6) financial management;
 - 7) human resources;
 - 8) information technology;
 - 9) research and development; and
 - 10) public relations;
- d. investment budget;
 - e. budget expenditures for wages and salaries and other benefits for both directors and commissioners of the Securities Exchange;
 - f. notes on contracts with material value including contracts between the Securities Exchange and or its subsidiaries with:
 - 1) Persons Affiliated with the directors and commissioners of the Securities Exchange; and
 - 2) Persons Affiliated with the Securities Exchange or its subsidiaries;
 - g. a work plan and annual budget of the Clearing Guarantee Institution a majority of shares of which are owned by the Securities Exchange as provided in Rule Number III.B.4 concerning the procedures for the annual budget and profit-utilization plan of a Clearing Guarantee Institution; and
 - h. a work plan and an annual budget of the Central Securities Depository a majority of shares of which are owned by the Securities Exchange as provided in Rule Number III.C.4 concerning the procedures for the annual budget and profit-utilization plan of a Central Securities Depository.
6. The work plan and the annual budget of the Securities Exchange must be composed of at least one year's books for the period of January 1 up to December 31 of the same year.
 7. The annual budget of the Securities Exchange must be presented in a comparative form between the proposed budget and the performance under the current budget.
 8. By October 31, the Securities Exchange must hold an annual General Meeting of Shareholders to obtain approval of the work plan and annual budget, which have been proposed by the board of directors and approved by the board of commissioners, for the following year.
 9. By November 5, the Securities Exchange must submit to Bapepam its proposed annual work plan and budget, which have been approved in the General Meeting of Shareholders, for the coming year.

10. By November 15, Bapepam will inform the board of directors of the Securities Exchange regarding changes, if any, in the proposed work plan and annual budget.
11. By November 25, the directors of the Securities Exchange should resubmit any changed work plan and annual budget which have been approved by the board of commissioners.
12. By December 5, Bapepam will approve or disapprove the work plan and budget of the Securities Exchange.
13. The Securities Exchange must submit quarterly, cumulative reports on its performance with respect to the work plan and the annual budget to Bapepam through the board of commissioners. Such reports must be received by Bapepam within 12 days after the end of the period.
14. The notes to the financial statements of the Securities Exchange shall contain at least:
 - a. expenses related to Persons Affiliated with directors and commissioners of the Securities Exchange or its subsidiaries;
 - b. expenses related to Persons Affiliated with the Securities Exchange or its subsidiaries; and
 - c. expenses such as wages and salaries, other benefits and facilities given to directors and commissioners of the Securities Exchange or its subsidiaries.
15. The Securities Exchange must amend its articles of association in accordance with this rule within six months after the issuance of the rule.