

Business News

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Address : Komplek P & K Jl. Pendidikan 3 No. 12 Jakarta Selatan 12430 Telp. : 759 20 118

THE ANTISEPARATIST APPROACH

The name Din Minimi suddenly became a public spotlight. Head of the State Intelligence Agency (BIN), Sutiyoso, said that for the solution of armed groups issue in Aceh, Din Minimi can be used as a model of solution for other armed groups. Of course, not only a non-weapon solution (soft approach) that attracts public attention and will be highlighted here. As is known, in addition to the name Nurdin Ismail alias Din Minimi and his group, there was a discourse on amnesty. President Jokowi has responded to this issue with caution. In essence, amnesty was likely to be given as long as it is in accordance with the prevailing regulations.

Although the Government not yet decided to grant amnesty to Din Minimi and his group, a number of parties have expressed unequivocal rejection. The group is concerned about amnesty, and it triggers the birth of separatist movements in this region. This group also supports the plan of the Indonesian Police to start legal proceedings against Din Minimi and his group.

When observed carefully, in Din Minimi case, there are some crucial issues. First, on one hand, the surrender of Din Minimi cannot necessarily be referred to as a form of success of Sutiyoso's soft approach in solving the issue of separatism. Because, following the signing of a peace agreement between the Indonesian Government and GAM on August 15, 2005 in Helsinki, Finland (Helsinki Agreement), there were no longer those which were called separatist groups in Aceh.

Second, on the other hand, the surrender of Din Minimi and his group showed awareness that what he did during this time was wrong. However, there are still questions that must be answered. Did Din Minimi do this consciously and not just a 'trick' that had to be taken because his position was squeezed by the operation committed by police and the military?

The answer to this question may vary. However, one thing certain is that the grant of amnesties without going through a very mature consideration shows the weakness of the state in dealing with armed civilians movements, which in some cases is no different than terrorism.

Third, if Din Minimi said that the illegal armed action he did was triggered by dissatisfaction with the government, so the separatist movement after the 2005 Helsinki Agreement is clearly erroneous. So, Din Minimi and his group is actually nothing more than criminal gangs or armed robbers, so it is the duty of the state to address them. According to the police, the group was involved in at least 14 crime cases, ranging from kidnapping, extortion, assault, vandalism, arson, and murder, including the murder of members of the military and citizens. Based on these poor records, dragging the related parties to a legal process is one thing that should be done by the police. So, it seems that there is no good reason to grant amnesty to them.

Cracking down of armed civilian movement is supposed to be done by the state. At the same time, antiseparatist approach should also be built. One thing that is overlooked is that discontent over development must no longer always be addressed to the Central Government after the implementation of regional autonomy. Antiseparatist approach is important not to make the state subservient to the separatists, but to prevent this movement and take action if such movement emerges.

The success of BIN in restoring Din Minimi and hundreds of his followers to the society is like getting rid of a barrier from the road. However, amnesties were feared to trigger similar issues in the future. (E)

Jakarta, January 5, 2015

DECEMBER 2015 INFLATION 0.96 PERCENT

Jakarta, *Business News*

The development of prices of various commodities in December 2015 in general showed an increase. Based on the monitoring results of Central Bureau of Statistics (BPS) in 82 cities in December 2015 inflation occurred at 0.96 percent, an increase in the Consumer Price Index (CPI) from 121.82 in November 2015 to 122.99 in December 2015. Inflation rate by calendar year (January-December 2015) and inflation rate year-on-year (December 2015 to December 2014) at 3.35 percent.

Inflation occurs because of price increases as shown by the increase of all indexes of expenditure groups, namely foodstuffs 3.20 percent; food, beverages, cigarettes and tobacco group 0.50 percent; housing, water, electricity, gas and fuel group 0.40 percent; clothing group 0.09 percent, health group 0.24 percent; education, recreation and sports group 0.06 percent; and transportation, communication and financial services group 0.45 percent.

Some commodities which experienced price increases in December 2015 include: red chili peppers, red onion, air transport tariff, purebred chicken meat, purebred chicken eggs, electricity tariff, fresh fish, cayenne pepper, rice, filtered clove cigarettes, sand, house rent tariff and railway tariffs. While, commodities whose prices decline include: gold jewelry and gasoline.

In December 2015, all expenditure groups that contributed to inflation include: foodstuffs group 0.65 percent; food, beverages, cigarettes and tobacco group 0.09 percent; housing, water, electricity, gas and fuel group 0.10 percent; clothing group 0.01 percent; health group 0.01 percent; education, recreation and sports group 0.01 percent; and transportation, communication and financial services group 0.09 percent.

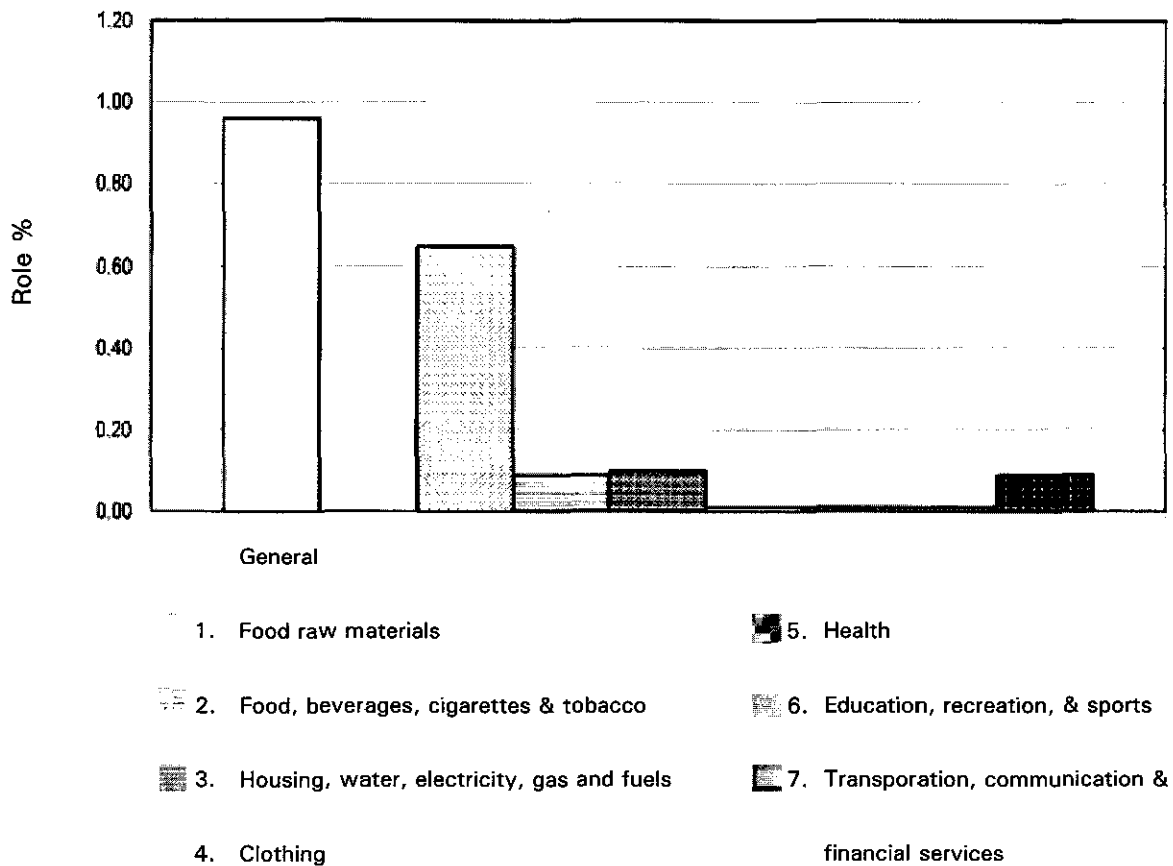
**CPI and Combined Inflation Rate of 82 Cities in January 2015, Calendar Year 2015,
and Year-on-Year by Expenditure Group (2012 = 100)**

Expenditure	IHK Dec 2014	IHK Dec 2015	Inflation Month Dec 2015 ¹⁾	Inflation rate year Calender 2015 ²⁾	Inflation Year To Year ³⁾	Role Inflation Dec 2015 (%)
General (Headline)	119,00	122,99	0,96	3,35	3,35	0,96
1 Food	126,76	133,01	3,20	4,93	4,93	0,65
2 Instant Food, Drinks, Cigarettes, and Tobacco	118,84	126,47	0,50	6,42	6,42	0,09
3 Housing, Water, Electricity, Gas And fuel	115,55	119,41	0,40	3,34	3,34	0,10
4 Clothes	106,49	110,14	0,09	3,43	3,43	0,01
5 Health	111,00	116,90	0,24	5,32	5,32	0,01
6 Education, recreation and sports	110,37	114,75	0,06	3,97	3,97	0,01
7 Transportation, communication and financial services	127,27	125,32	0,45	-1,53	-1,53	0,09

Remark:

- 1) Percentage of IHK Index December 2015 against IHK Index of previous month
- 2) Percentage of IHK Index December 2015 against IHK Index December 2014
- 3) Percentage of IHK Index December 2015 against IHK Index November 2015

**Contribution of Expenditure Group to National Inflation (2012 = 100)
December 2015 (percent)**



Foodstuffs group in December 2015 experienced inflation of 3.20 percent or an increase of index from 128.89 in November 2015 to 133.01 in December 2015.

All the sub-groups in this group experienced inflation. Sub-groups which experienced the highest inflation are spices subgroup at 20.14 percent, and the lowest is experienced by nuts subgroup at 0.03 percent.

This group in December 2015 contributed 0.65 percent to inflation. Dominant contributors of inflation include: red chili pepper 0.17 percent; red onion 0.14 percent; purebred chicken meat 0.07 percent; purebred chicken eggs 0.07 percent; fresh fish and cayenne pepper 0.04 percent, respectively; rice 0.03 percent; scal-lions, potatoes, tomatoes, melon, bananas, watermelon, garlic and coconut 0.01 percent respectively.

In December 2015, inflation occurred at 0.96 percent with Consumer Price Index (CPI) at 122.99. Of 82 cities of CPI, all of them experienced inflation. The highest inflation occurred in Merauke at 2.87 percent with CPI at 131.04, and the lowest occurred in Cirebon at 0.27 percent with CPI at 118.94. (E)

THE PROSPECT OF PROPERTY INDUSTRY 2016

Jakarta, *Business News*

Indonesia's economic condition in 2016 was predictably more conducive to progress than 2015. Players of the property industry would rise amidst rising national economy.

Increase of FFR by the Fed had happened and gave assurance to the businessworld including the banking sector while BI policy was getting more accommodative in propelling the real sector.

OJK was also aggressive in encouraging the banking sector to play their mediator role; it all enlivened the property sector. Moreover the Government's "One Million Home Program" was enhanced whereby to stimulate the property sector.

Growth of property was driven by infrastructure development plan 2015 – 2019. Naturally economic stimulus from the property sector would begin to show their effect. For example eased property credit policy through LTV announced in July 2015 would be felt in 2016.

The Loan to Value (LTV) easing was lowered Down Payment which must be paid by consumers when applying for property credit (KPR). As planned, for buying the first house, down payment due would be reduced from 20% - 30% to only 10%.

There would be more economic stimuli offered by the Government to jack up people's purchasing power. Somehow growing was not happening in all property class offered. The property market of 2016 would be more busy in the lower segment.

The Government's policy aimed more at the low income group who needed shelter to live in. Housing of the lower-middle level priced at Rp 600 million and under would grow by around 8% - 10%. Furthermore middle level apartment priced at below

Rp1 billion was projected to grow by 10% - 12%.

Among the incentives mentioned above was Government's "One Million Homes Program" initiated by President Joko Widodo for the low income group. (MBR).

The number of houses already built could be seen from the realization of KPR Mortgage all year through. Pipelining of KPR fund indicated the number of houses bought by the public.

KPR mortgage could serve as parameter who bought the houses. They were the ones who needed homes but could not afford to buy it by cash. Based on report by banks KPR pipelining by November 2015 amounted to Rp 42.3 trillion.

KPR pipelining consisted of KPR-FLPP Rp 11,9 trillion. The amount was given for building 120,491 low cost homes, while the amount for KPR commercial was Rp30.4 trillion for 97.34 units of commercial homes,

In particular Bank Tabungan Negara (BTN) was managing Credit for Construction for developers building MBR or commercial homes. Construction Credit for MBR houses was Rp6,2 trillion including 15.172 units of MBR homes.

Total amount of credit construction for non-MBR homes was Rp17.7 trillion including 128,534 units of non-MBR homes. Besides houses built by the Ministry of Public Works and People's Houses there were also houses built by the Ministry of Village Development and Less Developed Village and Transmigration.

Support also came from the Provincial Governments, companies running Corporate Social Responsibility (CSR) and the public. The number of houses built in 2015 was 660,474 new homes.

In the future the Government must make ex-

tra effort to accelerate the One Million Home Program like easing permit application procedure, to enhance land procurement and to supply low cost building materials.

The Government's comparative advantage in enhancing supply of low cost homes was regulation because APBN budget was never enough for overcoming deficit.

BPS data of 2014 had it that backlog of house ownership was posted at 13.5 million units and in terms of occupancy 7.6 million units. The need for homes increased by 800,000 unit per year.

With relaxed rules in permit application procedures, hopefully developers would be motivated to build decent homes for the people.

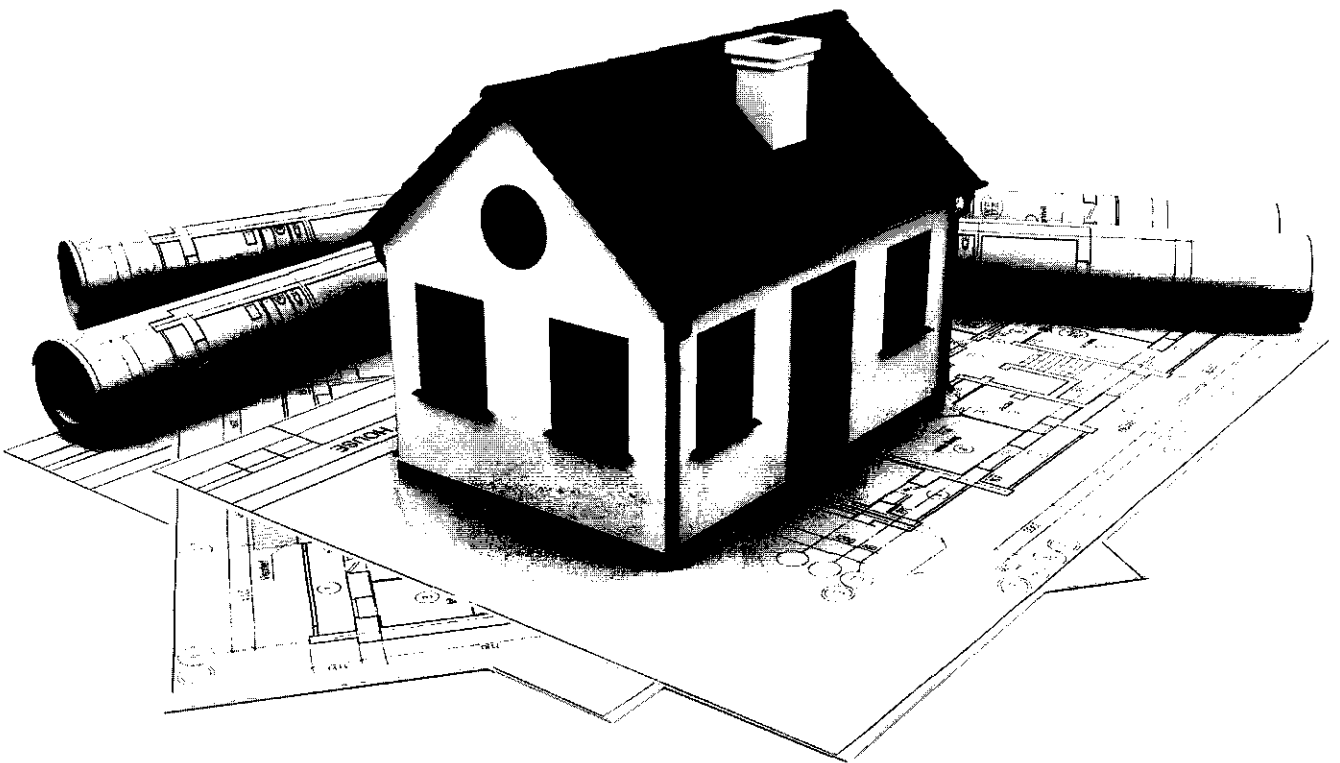
The Government was still trying to trim 42 steps of permit operation procedures into 8 steps, the legal ground being Presidential Decree (Inpres).

By the time the draft of the Regulation had

reached final stage, the draft of Inpres could be submitted to the State Secretariat to be approved by the President. With new Inpres, the authority to simplify rules was in the hands of the Government. Therefore, the provincial Government could also specify the regulations into local regulations.

The 8 steps of permit issuance procedure after simplification was Local Environment Permit, Space Planning Permit, Land Utilization Permit, Principle Permit, Location Permit, Environmental Permit, Traffic Impact Permit and Site Plan Verification Permit.

The Inpres Draft showed that 8 types of permit could be ready in 14 working days for big scale estates and 9 working days for small scale estates. Previously permit for big scale estates consisted of 42 types with 26 months completion time while small estates needed 26 types of permit with 16 months of completion time.



The Government was expecting relaxed permit issuance procedure could promote investment in housing projects and enhance supply of low cost homes. With less permit issuance cost, developers could axe their selling price of houses.

At the provincial level, some regencies/cities already supported the One Million Homes Program through simplification of permit application procedure. According to Law No 1 / 2011 house procurement was the responsibility of the central and local Governments.

Other points noteworthy was increase of land procurement. The big problem in procurement of cheap homes was limited space. Price of land was always on the upturn so it was hard to build cheap decent homes. Therefore the Ministry of Housing schemed up 2 land procurement schemes.

Firstly land procurement by Perum Perumnas. The Government had issued Government Regulation No 83 /2015 as substitute to Government Regulation No 15/2004.

According to the New Law, Perumnas was also in charge of land clearing for settlements so price of land could be controlled for the next 2 months.

Secondly presentation of state's asset by the Ministry of Finance to the Ministry of Public Housing to be

passed on to the developer for building subsidized homes. The potential asset under the Ministry of Finance came to 360,000 hectares. With free land, it was expected that price of houses could be controlled. Soon the status of land ownership would be HGB and HPL.

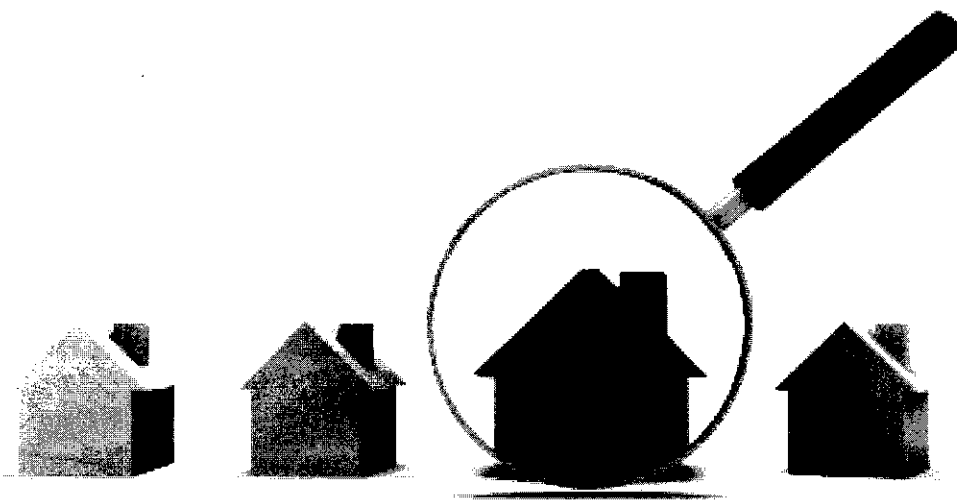
Procurement of low cost homes must be enhanced by the Government. The Government was now developing Instant Healthy Homes (RISHA). While strong, well structured and quake proof, the process of making RISHA was faster and less costly.

For example, one unit of house of 33 sq M would need around Rp47 million exclusive of land price. The construction was mainly made of concrete so use of wood could be minimized. Unfortunately the number of technicians who knew how to construct RISHA based houses was still limited.

For that matter the Ministry of Public Housing needed to publicize RISHA technology to the public. By some effective strategies, mass production of homes could be enhanced in 2016.

The good prospect of property industry was

unveiled at the research made by Indonesia Property Watch (IPW) that there would be increased selling price of 5% - 10% in 2016 being driven by fast infrastructure building run by the Government. Predicted



price increase in 2016 was a starting point for property marketing to begin a new era. In 2014 – 2015 last growth of property was at its lowest point as the market dominated by investors was saturated.

Not just increased price, in the next 5 years prices formed at the property market would be healthier because buyings would be dominated by real demand, i.e. buyers of first homes to live in.

In the past 5 years the property market would be dominated by investors so the product ten to be over valued. The type of houses for the lower-middle segment was predictably the prima donna of 2016.

The developers were today were still playing at the upper segment. Price category was as follows: lower middle <Rp300 million. Middle-middle Rp300 – Rp750 million, upper middle Rp750 million and higher segment above Rp1.5 billion.

Developers were aiming at higher profit from the property market of the middle segment than lower middle segment where profit was low.

The World Bank reported that in 2015 the middle class segment in Indonesia was posted at 56.5% of total population, up against 2003 at 37.7%. Of this segment, those who were 20 – 40 years old were potential buyers of homes, constituting 31.34% of Indonesia's total middle class population.

Market potential of the middle class was 433,491 units of houses per year priced at Rp 300 million to Rp1.5 billion. But again supply of homes for the middle class was still insufficient by the time they needed homes. Today property consumers of the lower middle class would be given better attention.

In the middle class segment, the Government injected stimulus for community groups who were consumers of the lower middle segment; the stimulus was in the form of LTV facilities by BI at 10% in mid 2015. The mortgage credit (KPR) first set with DP of 30% reduced to 20%.

Meanwhile at the lower segment, the Government facilitated various relaxations from mortgage DP of 1% to low interest of 5% for receivers of FLPP or subsidized KPR to Down Payment assistant of Rp 4 million per house. Soon in 2016 the Middle Class would be the locomotive of property growth in Indonesia.

Such would bring multiplier effect which was positive for economic activities and components related to property industry: demand for construction service, cement, hard materials, bricks, cable, aluminium, wood, paint, household equipments, electronics etc would be massively jacked up.(SS)

QUE SERA, APEC AND AEC WILL BE

Jakarta, *Business News*

At the 24th Asia Pacific Economic Cooperation (APEC) Summit Meeting in Manila, the Philippines, leaders of the Asia Pacific region signed the Manila Declaration which among others highlighted on Economic Transformation.

The Manila Declaration called out commitment of all APEC members to promote inclusive finance and support the role of small business (UMKM) to play more active role at the global market.

Encouragement for players of UMKM was rated as important, because the sector was big enough to support economy in the Asia Pacific. APEC report released on December 2013 last showed that more than 97% of companies of the Asia Pacific included in APEC were Small Medium Enterprises Group (SME) of Small and Medium Business (UKM).

Contribution of SME to economy in APEC countries was on the average around 40%. The SME Business sector in China and Indonesia in 2011 – 2012 was 59% to GDP. The same was with Japan and South Korea whose 50% of their economy was sustained by Small Business.

Development of UKM business also contributed to employment. 21 countries combined in APEC represented at least 2.6 billion world's population who commanded 60% of total GDP or around USD 19.25 trillion. Domination of commerce in APEC countries represented 47% of total world's trading.

For the benefit of all it was recommended that APEC members and the Pacific Alliance collaborate to answer the challenges of high logistics cost; hence all countries involved must improve connectivity to and from remote areas.

Of 20 top countries, APEC members contributed

up to 77,5%. Five top countries which were APEC members were among others Singapore, Japan, the USA, South Korea and Malaysia. Total investment realization of the five countries had come to USD 67.2 billion or 68% of total investment of top 20 countries, year after year showing positive trend.

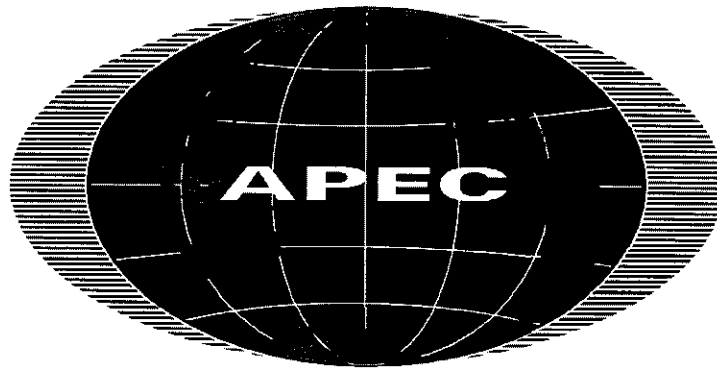
Investment realization of APEC in 2010 which came to USD 9.2 billion increased to USD 10,5 billion in 2011. Through January-September 2015 the position of investment realization came to Rp400 trillion or 77% of 2015 target at Rp519.5 trillion

BKPM was optimistic that investment in Indonesia would still be growing in 2016 with reference to recovered optimism among regional and global businesspeople. Survey outcome released by Pricewaterhouse (PwC) on 800 businesspeople in Asia Pacific showed that 39% of CEO were confident about growth prospect in the next 12 months.

28% of CEO members were confident that the companies they managed were able to book income growth over the next 1 year. Indonesia in particular 66% of CEO believed projected income growth.

PwC noted that the present market turbulence today influences confidence of CEO members with only 28% were 'very confident' that their company would post income growth in the next 12 months. The confidence level dropped by 46% compared to 2014.

PwC also discovered fundamental difference in CEO confidence level based on size of company. PwC finding had it that middle sized companies confidence level less than half of confidence level of big and small companies. Only 15% respondents were sure about their income growth for the next 12 months. It proved that middle sized companies were not strong enough to withstand collisions in the system when



Asia-Pacific Economic Cooperation

they strived to expand.

In Indonesia, in spite of economic uncertainty, 5% of CEO were sure about their income growth for the next 3 – 5 years. It proved Indonesia's market potential with growing middle class and the Government focusing effort on developing infra-structure. About investment destinations, CEO of the Asia Pacific region believed in diversification placing China, the USA and Indonesia as magnet of investing.

To company leaders in Indonesia, fear over disturbances on the internet or cyber attack on vital infra structure (24%) and natural disasters disturbing production and distribution (21%) was big threat to investment and business.

28% of company leaders in Indonesia agreed that business had significant effect development of the middle class. They stated that growth of business in APEC could open access to high quality education at all levels (44%) and developing transportation (18%).

In view of PwC survey which still positioned Indonesia as investment destination country, BKPM had stipulated countries like China, South Korea,

Japan, Singapore, Malaysia, the USA and Europe as target market.

Of the above countries, 48% of investments for the period since 2010 until Q 3 2015 was USD 66.7 billion contributed by Asian countries.

Beside the said prioritized countries, BKPM was also observing investments to and from Vietnam as one of Indonesia's competitor country. The potential outward investment from China and Vietnam to Indonesia was still only 1% - 4% of outside investment of that country.

For example China entered Indonesia to invest as smelter industry while for products like textile they entered Vietnam. In 2016 BKPM must be able to jack up investment targeted as Rp594,8 trillion,

APEC was inevitable and indispensable to Indonesia, and so was ASEAN Economic Community (AEC). Unfortunately toward implementation of AEC 2015 as per January 2016, most of the businesspeople in Indonesia still had low awareness and understanding about the benefits, advantages and risks of a common market.

Such was unveiled in the survey exercised

by LIPI which stated that of 2,509 respondents only 25.90% of the public and 27.80% of businesspeople knew what AEC was all about. 82.6% respondents were not aware of mobility of labor in AEC but 43.7% respondents believed AEC would bring benefit in economy,

The survey was run by making analysis on selfreported beliefs or behavior in 16 regents/cities classified into main areas and comparative areas. Permitted margin of error of research was 2%. The main areas were those having premium products like fishery, automotive, textile, agriculture, wood industry and tourism.

The comparative areas are areas not having any premium products. Survey outcome unveiled that if Indonesia was not fully prepared it was almost certain that the domestic labor market would be stormed by foreign workers and foreign skilled workers would edge aside local workers.

LIPI made several recommendations for Indonesia, among others to launch integrated campaign, to attend to small business by counselling and guidance as well as persuasion to adopt SMI certification, and to allow better access to credit resources.

Business circles rated that lack of publicising of AEC was on account of Government's lack of initiative. Moreover the AEC concept was accepted by political consideration not economic consideration.

At the moment Indonesia's readiness join AEC on the labor aspect was still at minimum. For that matter Indonesia must be ready to meet defeat. The Government stated they would shift the focus of socializing on the market potential accessible.

The KP3EI Committee admitted that so far the campaign launched by the Government was more on the execution of AEC not on the concept of AEC as a whole. According to KP3EI it caused many businesspeople to be ignorant of the market potentials available. For that matter it would be recommendable to change the focus of campaign.

Admittedly people's sensitiveness to AEC was low. The reason was wrong approach by the Government in publicizing. And yet there were in fact 4 challenges to be faced by the Government in facing the AEC :

Firstly readiness of human resources quality. Secondly production chain. Thirdly harmonization of policy. Fourthly comprehensive understanding of AEC itself.

Not just businesspeople and the public, Government's concern over problems related to AEC was also low. It was evident in the minimum illumination sector wise by Government institutions. In the end it was the skill and competence of Indonesia's businessplayers that determines whether to lose or win in the AEC competition.(SS)

EXISTING OIL CONTRACTS REVIEWED AND MANAGED AS EXPIRY GETS NEAR

Jakarta, *Business News*

Oil Exploration Contract like Offshore North West Java (ONW) between the Government of RI and Foreign contractors would be enhanced considering that world's oil price was low, which means that Revenue Cost was also low. "The state could reap more profit, but we apply fair deal with contractors," the Director General of Oil Gas (KEDIM) Wiratmadja told Business News (30/12).

Contract Agreement was signed on August 18 1966 for a period of 30 years and would terminate on January 18, 1997 with extension of 20 years to end on January 18, 2017. The Agreement was based on Split Sliding Scale using R/C. The magnitude of sliding scale with certain scales. If the scale was 0 -1, the state had a share of 80% of oil products and 65% gas products. If the scale was 2 - 1,2 the calculation was also known. "If it turned out that revenue cost was bigger than 1,5 the state get 90% of oil and 10% for contractor. If revenue over cost was bigger than 1.6, the State gets 95% of oil"

Today holders of interest were: PT PHE ONWJ: 58,2795 %; EMP ONWJ Ltd 36.7205%; Kufpec Indonesia (ONWJ) BV: 5%. Proven Reserves (January 2,2015) Crude Oil 61.23 MMSTB Natural Gas 245,00BSCF average production WK ONWJ (December 20, 2015) Crude Oil: 40,075 BOPD Natural Gas 179.00 MMSCFD. "ONWJ is OK, items had been agreed upon. Incentives for block base and split. In case of contract extension, the state would have bigger share. As there is no risk, Pertamina could propose a better split, but only Pertamina. Pertamina is 100% Government owned and have special privileges."

The Contract Agreement needed Terms and Conditions which was more specific to attract investors, so explorations could be more active. If there was any new well they could be immediately drilled. Profit sharing could be enhanced to emetgize explorations. "The new contract would offer block basis and investment sharing of 17%. FTP for First Tranche Petroleum 20% shared."

On the other hand, the Contract Agreement stepped up progress of Block Mahakam Operational Zone which was reserve operation for oil and gas. Contract was signed in 1966 and was extended only once. As planned the contract would end in December 31, 2017. Total contract would be 50 years. "In terms of share down between Pertamina and Total E&P Indonesia as operator 50%. In case of Inpex it remained business to business, or else Pertamina could find another partner."

BusinessNews data had it that PT Pertamina had stated their willingness to fully manage Mahakam. Pertamina readiness was on December 31, 2017. Pertamina was optimistic to manage Block Mahakam technically or financially. So far the capacity was only to manage ONJW and West Madura Offshore.

The Government had designated Pertamina as operator of Mahakam Block of post 2017 era and Pertamina could share down to existing contractor 30% at the most. As follow up Pertamina, Total E&P Indonesia and INPEX had signed HoA. The Government had given Participating Interest of maximum 10% the Provincial Government of East Kalimantan. (SS)

SMALL SUGAR MILLS' COMPETITIVENESS IN ASEAN ECONOMIC COMMUNITY STILL IN DOUBT

Jakarta, *Business News*

BUMN sugar mills of small scale operating aging machines was rated as unresponsive to the ASEAN Economic Community (AEC). They were mostly located in Java and were running short of sugarcane; hence they were unable to compete against sugar producers from Thailand. The aging sugar mills in Java needed production cost of Rp8,000 per kg while the sugar mills in Thailand needed only less than Rp5,000 per kg. Agriculture observer M Hussein Sawit stated on Thursday (31/2).

Small scale sugar mills built in the Dutch era were still operating obsolete machine which remained unrenovated were doubted to be competitive in the Free Trade era. Unless action was taken by the Government the sugar mills might run out of business.

Java was in fact not feasible in which to build new sugar mills as land was limited. Sugar mills which were relying on supply of raw materials from farmers were having difficulty in getting sugarcane. Farmers had no other choice but to plant sugarcane but space was limited. Except in traditional plantations, sugar cane was always edged aside by other plants because farmers tend to choose other plants which was more profitable and sooner harvest.

Although space was limited in Java for sugarcane plantations, many sugar mills in Java had difficulty in obtaining raw materials. Fortunately now there were 3 newly built sugar mills in Java. Building of high capacity sugar mills using modern machines was feared to edge aside old sugar mills. Competition in getting raw materials from farmers was inevitable because big capacity sugar mills needed sugarcane in vast quantity.

Information from the Indonesia Sugar Association (AGI) on Thursday (31/12) had it that internally sugar mills in Java had to face competition in obtaining land, so the trend was more on dry land planting with lower productivity. Proper planting techniques not being applied, use of obsolete machines, revitalization was barely to maintain operations and production cost being varied from high to low were all the handicaps of old sugar industry. On the farmers side, they were free to plant the kind of plant they like while refined sugar for industry was at large in the market.

Broadly speaking, competitiveness of sugar mills in Java could be classified as follows:

- * Strong Sugarmills: generally running big scale business > 5,000 tons of sugarcane per day (TCD); competitiveness of sugarcane against other agrobusiness was relatively strong and areal development enabled sugar mills of this category to compete against imported sugar.
- * Medium Sugar mills : normally of 3,000 – 5,000 TCD competitiveness against other agro-commodity moderate, raw materials fluctuate and areal development possible although to farther places. Sugar mill of this category normally obtained sugarcane in sufficient amount if sugar price was profitable to farmers; if price of sugar was low in the next year, shortage of sugarcane was due to lack of supply from farmers.
- * Low capacity sugar mills. Normally less than 3,000 TCD competitiveness against agro commodity was low, running short of sugarcane, obsolete technology, high unit cost, and geographic potential for expansion at minimum.

Sugar mills of the strong category could have

their performance stepped up through integrated revitalization so as not only to produce sugar and juices but also other downstream products so unit cost could be gradually reduced – while sugarcane of

moderate and low competitiveness must have their performance stepped up through special treatment to produce sugar of competitive unit cost. (SS)



MINISTRY OF RESEARCH, TECHNOLOGY & HIGHER EDUCATION: NUMBER OF RESEARCHERS IN INDONESIA SHOULD BE INCREASED

Jakarta, *Business News*

Ministry of Research Technology and Higher Education reported that today Indonesia only has 550 researchers per million inhabitants. While the number of professors with S2 and S3 degree in Indonesia reached 75%. In terms of employment, the number of professors now has reached 5500 people. "The number should be increased in 2016. So, a lecturer who functions as a researcher, as to what it will be like in the future, we will think about it," said Mohamad Nasir, Minister of Research, Technology and Higher Education, in Jakarta, on December 30.

Moreover, Nasir said that through Indonesia Looking for Doctorate, it is also an attempt to increase the number of researchers, including through cooperation with researchers who have international research experience. Admittedly, the number of researchers in Indonesia is still lagging far behind other developing countries in Asia.

For example, India already has a ratio of 140 per one million population. With a total population of India which has reached one billion, practically the real number of researchers in the country would have been much more if compared to Indonesia. Whereas in other Asian countries, such as Japan has 5,000 researchers per one million population, South Korea, 5500 per million inhabitants, whereas Israel is the country with the highest number of researchers, i.e. 6,500 researchers per million inhabitants.

It is acknowledged that although researchers in Indonesia have produced many scientific works, the works are less felt by the public. To that end,

the Ministry of Research, Technology & Higher Education calls for an inter-agency cooperation so that the results of research can be more widely enjoyed. He pointed out that the discovery of paddy, which harvest is doubled with the use of fertilizer created by the Indonesian Institute of Sciences (LIPI), which is also resistant to pests. He considered that the results will be felt directly by the people if it is collaborated with universities or other research institutions. Unfortunately synergies between research agencies have not been materialized. He saw that LIPI, LPK, as well as universities, are still operating individually.

He also considered that the power of research is still lacking for industry development compared to agriculture, plantation and forestry. According to him, researchers must be able to answer the country's current economic problems. It is said that because the research budget is not much, Research & Development Institutions can cooperate with universities to develop research and innovation.

Meanwhile, according to Zulkarnain, head of LIPI, Indonesia is not only experiencing an economic crisis, but also a crisis of researchers. According to him, the ratio of researchers in Indonesia is still very low, so it requires a college that produces new researchers in Indonesia. In Indonesia, the ratio of researchers and residents in Indonesia is 90 researchers per one million inhabitants. It is much different from other developed countries, which is ideally 700 to 5,000 researchers per one million inhabitants.

Alexander acknowledged that the lack of the number of researchers in Indonesia is because the research world is less appealing. Currently, universi-

ties in Indonesia still prioritize learning system rather than research. As a result, a lot of research in colleges is only as a condition for completion of studies and ended up in the library as a scientific journal. According to Iskandar, to demonstrate the progress and prosperity of the nation, one of which is the number of researchers and number of research institutes in a country.

Iskandar also sees the phenomenon of researchers who prefer to work abroad. He claimed that

many Indonesian researchers prefer to work abroad because the research facilities and funding in Indonesia is still very limited. The low attention of the Indonesian government to researchers makes skilled researchers from Indonesia to work abroad and develop research in other countries. The lack of science and technological facilities causes slow progress of science and technological development in Indonesia. Although, there is many potential resources of researchers from Indonesia. (ST) (E)

General Manager/Business Manager : Taufik Sumawinata
Editor in Chief : Taufik Sumawinata
Managing Editor : Arisanto
Correspondents : Expert from Business & Scientific world

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FOREIGN EXCHANGE RATES

Jakarta, *Business News*

EXCHANGE RATES ON TRANSACTION

CURRENCY	VALUE	JANUARY 5, 2016			JANUARY 4, 2016		
		BUYING	MIDDLE RATE	SELLING	BUYING	MIDDLE RATE	SELLING
AUD (Australia)	1,-	9,986.85	10,039.39	10,091.92	9,972.09	10,026.04	10,079.98
BND (Brunei)	1,-	9,731.80	9,782.33	9,832.85	9,707.29	9,758.48	9,809.66
CAD (Canada)	1,-	9,963.34	10,014.74	10,066.14	9,945.34	9,996.77	10,048.20
CHF (Switzerland)	1,-	13,820.92	13,897.69	13,974.45	13,827.62	13,902.20	13,976.78
CNY (China Yuan)	1,-	2,126.93	2,137.67	2,148.41	2,126.49	2,137.10	2,147.71
DKK (Denmark)	1,-	2,009.92	2,020.26	2,030.60	2,013.48	2,023.68	2,033.87
GBP (United Kingdom)	1,-	20,390.92	20,496.00	20,601.07	20,349.37	20,455.10	20,560.82
HKD (Hong Kong)	1,-	1,788.22	1,797.31	1,806.39	1,783.93	1,792.87	1,801.80
JPY (Japan)	100,-	11,585.59	11,646.55	11,707.50	11,546.30	11,606.35	11,666.39
KRW (Korean)	1,-	11.68	11.74	11.80	11.67	11.74	11.80
KWD (Kuwaiti Dinar)	1,-	45,625.41	45,886.21	46,147.00	45,520.08	45,777.51	46,034.94
MYR (Malaysia)	1,-	3,190.10	3,207.70	3,225.29	3,195.24	3,214.17	3,233.10
NOK (Norway)	1,-	1,558.68	1,567.80	1,576.92	1,563.36	1,571.43	1,579.49
NZD (New Zealand)	1,-	9,347.86	9,397.87	9,447.87	9,348.40	9,397.14	9,445.88
PGK (Papua New Guinea)	1,-	4,507.60	4,633.97	4,760.34	4,494.43	4,621.61	4,748.78
PHP (The Philippines)	1,-	294.38	295.95	297.51	293.30	294.80	296.29
SAR (Saudi Arabian Riyal)	1,-	3,694.59	3,713.50	3,732.41	3,684.79	3,703.67	3,722.55
SEK (Sweden)	1,-	1,629.52	1,638.04	1,646.56	1,638.86	1,647.33	1,655.80
SGD (Singapore)	1,-	9,731.80	9,782.33	9,832.85	9,707.29	9,758.48	9,809.66
THB (Thailand)	1,-	383.43	385.48	387.52	382.12	384.14	386.15
USD (United States)	1,-	13,861.00	13,931.00	14,001.00	13,829.00	13,898.00	13,967.00
EUR (Europe)	1,-	14,998.99	15,076.84	15,154.68	15,025.21	15,102.28	15,179.34

NOTE : The middle rate is based on Business News calculation

GUIDE TO REALIZING THE FUNCTIONS OF INVESTMENT MANAGER

(Regulation of the Financial Service Authority No. 24/POJK.04/2014, dated November 19, 2014)

BY THE GRACE OF GOD ALMIGHTY
THE BOARD OF COMMISSIONERS OF
THE FINANCIAL SERVICE AUTHORITY,

Considering :

- a. that to increase professionalism and protect customers, investment managers need to improve the quality of their functions;
- b. that based on the consideration as referred to in letter a, it is necessary to stipulate Regulation of the Financial Service Authority on Guide To Realizing the Functions of Investment Managers;

In view of :

1. Law No. 8/1995 on the Capital Market (Statute Book of 1995 No. 64, Supplement to Statute Book No. 3608);
2. Law No. 21/2011 on the Financial Service Authority (Statute Book of 2011 No. 111, Supplement to Statute Book No. 5253);

D E C I D E S :

To stipulate :

REGULATION OF THE FINANCIAL SERVICE AUTHORITY ON GUIDE TO REALIZING THE FUNCTIONS OF INVESTMENT MANAGERS.

CHAPTER I

GENERAL PROVISIONS

Article 1

Referred to in this Regulation of the Financial Service Authority as :

1. Investment manager is a party whose business activity is managing stock portfolio for customers or collective investment portfolios for groups of customers, except insurance company, pension fund, and bank and who carries out business activities on his/her own based on the existing law.
2. Representative of investment manager is an individual who represents the interests of a stock company and carries out business activities as an investment manager.
3. Investment committee is a committee which is assigned to direct and supervise an investment management team in implementing investment policies and strategies.

4. Investment management team is a team which is assigned to manage stock portfolios for customers or collective investment portfolios for groups of customers.
5. Risk management is a series of procedures and methodologies which are used to identify, measure, monitor and control risks arising from investment management business activities.

CHAPTER II

FUNCTIONS OF INVESTMENT MANAGER

Article 2

In carrying out his/her activities, investment manager shall have and carry out the following functions:

- a. investment and research function;
- b. trade function;
- c. stock transaction settlement function;
- d. risk management, compliance and internal audit function;
- e. marketing and customer complaint service function;
- f. information technology function;
- g. accounting and finance function; and
- h. human resource development function.

Article 3

- (1) Investment manager shall separate the investment and research function as referred to in Article 2 letter a from the trade function as referred to in Article 2 letter b, the stock transaction settlement function as referred to in Article 2 letter c from the risk management, compliance, and internal audit function as referred to in Article 2 letter d.
- (2) Coordinator and employee who carry out one of the four functions as referred to in paragraph (1) are banned from concurrently acting as coordinator and employee of the three other functions.
- (3) Members of the board of directors are banned from acting as a coordinator of investment and research function as referred to in Article 2 letter a, trade function as referred to in Article 2 letter b, and/or stock transaction settlement function as referred to in Article 2 letter c.
- (4) Members of the board of directors who acts as coordinator of risk management, compliance and internal audit function as referred to in Article 2 letter d are banned from concurrently acting as a coordinator of other functions.

Article 4

Investment manager shall have standard operating procedures to carry out the functions as referred to in Article 2 and ensure that the standard operating procedures will be complied with and implemented by the coordinator and all employees carrying out the functions.

Article 5

If the business activities of investment manager are carried out through a stock company carrying out business activities as a stock issue underwriter and/or stock broker:

- a. standard operating procedures to carry out the functions of investment manager shall be separated from the standard operating procedures to carry out business activities as a stock issuer underwriter and/or stock broker; and
- b. the realization of research function, risk management, compliance and internal audit function, accounting and finance function, information technology function and/or human resource development function through the business activities of investment manager and stock issue underwriter and/or stock broker can be done by one working unit carrying out the functions.

CHAPTER III

REALIZATION OF THE FUNCTIONS OF INVESTMENT MANAGER

Part One

Investment and Research Function

Article 6

The realization of investment and research function shall be coordinated by an employee holding a permit as a representative of investment manager and having work experience in the field of investment management for at least 3 (three) years.

Article 7

In realizing investment function, the coordinator of investment and research function as referred to in Article 6 is responsible for :

- a. making the best investment decisions in the interests of customers;
- b. making and keeping notes and/or working papers as part of efforts to make investment decisions in the interests of customers;

- c. analyzing the performance of investment products periodically;
- d. ensuring that investment decisions taken by the coordinator of investment and research function match :
 - 1. investment policy and strategy set forth in the agreement on the management of stock portfolios for customers or collective investment portfolios for groups of customers; and
 - 2. investment policy and strategy made by the investment committee; e. ensuring that each investment decision is made based on rational consideration and supported by the results of a sufficient research; and
- f. applying prudential principles and risk management principles by among others:
 - 1. paying attention to investment risks that may occur and steps that will be taken if the investment risks occur; and
 - 2. sharing authority clearly in deciding the amount of transactions.

Article 8

- (1) Investment function is carried out by an investment management team consisting of at least 2 (two) people acting as chief and member of the team.
- (2) The chief and member of the investment management team shall have a representative of investment manager from the Financial Service Authority.
- (3) The investment management team is banned from concurrently acting as coordinator or executor of trade function as referred to in Article 2 letter b, stock transaction settlement function as referred to in Article 2 letter c, and/or risk management, compliance and internal audit function as referred to in Article 2 letter d.

Article 9

- (1) The realization of investment function is based on directives from the investment committee.
- (2) The investment committee as referred to in paragraph (1) shall consist of at least 2 (two) people having experience in the field of capital market and/or finance for at least 2 (two) years.
- (3) The investment committee as referred to in paragraph (1) shall :
 - a. decide investment policies and strategies; and
 - b. supervise investment management activities carried out by the investment management team.
- (4) The member of the investment committee is banned from :
 - a. concurrently acting as a coordinator and executor of trade function as referred to in Article 2 letter b, stock transaction settlement function as referred to in Article 2 letter c, and risk management,

compliance, and internal audit function as referred to in Article 2 letter d; and/or

- b. concurrently acting as a member of investment management team for 1 (one) similar investment product.

Article 10

To carry out research function, the coordinator of investment and research function as referred to in Article 6 is responsible for :

- a. carrying out researches and analyses of macro economic conditions and the industrial sector;
- b. carrying out researches and analyses of stocks in investment portfolios which become and/or will be used as investment portfolios; and
- c. making and documenting notes and reports on the results of researches.

Part Two

Trade Function

Article 11

The realization of trade function as referred to in Article 2 letter b shall meet the following provisions :

- a. the realization of trade function shall be coordinated by a coordinator who is an employee who holds a permit as a representative of stock company from the Financial Service Authority and has work experience in the field of capital market for at least 2 (two) years;
- b. coordinator of trade function is responsible for :
 - 1. making transactions for stocks already decided by investment function at the best price and time in the interests of customers; and
 - 2. coordinating with the coordinator of investment and research function in selecting a stock broker by considering among others costs charged and services provided by the stock broker.

Part Three

Stock Transaction Settlement Function

Article 12

The realization of stock transaction settlement function as referred to in Article 2 letter c shall meet the following provisions:

- a. the realization of stock transaction settlement function shall be coordinated by a coordinator who is an employee who holds a permit as a representative of stock company from the Financial Service Authority and has work experience in the field of capital market and/or finance for at least 2 (two) years;
- b. coordinator of stock transaction settlement function is responsible for:
 - 1. reconciling transaction data to related parties such as stock broker and custodian bank; and
 - 2. cross-checking data existing at the administration of stocks in mutual fund portfolio or products managed by investment manager.

Part Four

Risk Management, Compliance and Internal Audit Function

Article 13

- (1) The realization of risk management, compliance and internal audit function shall be coordinated by a coordinator who is the leader of a working unit, member of the board of directors or official who is one rank below a member of the board of directors.
- (2) Coordinator of risk management, compliance and internal audit function as referred to in paragraph (1) :
 - a. shall hold a permit as a representative of investment manager from the Financial Service Authority and has work experience of occupying managerial post at an institution engaged in the field of capital market and/or finance for at least 3 (three) years;
 - b. shall be named as part of the organizational structure of investment manager and directly responsible to the board of commissioners; and
 - c. shall act independently and have unlimited access to other investment manager functions related to his/her duties to ensure compliance in realizing investment manager functions.

Article 14

To carry out risk management function, coordinator of risk management, compliance and internal audit function is responsible for:

- a. working out risk management strategy;
- b. renewing risk management strategy, if :
 - 1. there is a change in and/or addition of investment manager's activities; and/or
 - 2. there is a new regulation and/or amendment to Regulation of the Financial Service Authority or other relevant regulations;

- c. monitoring and studying periodically the realization of risk management strategy;
- d. monitoring the position of all risks and each type of risk; and
- e. applying risk management effectively by adjusting it to the size and complexity of businesses and the ability of investment manager.

Article 15

The application of risk management function as referred to in Article 14 letter c shall be based on the risk management strategy which carries at least :

- a. identification of all risks that may arise from the activities of investment manager;
- b. explanations on the cause of the risks;
- c. identifying the possibility of the risks;
- d. explanations on the implication of the risks; and
- e. steps that must be taken if the risks happen.

Article 16

To carry out compliance function, coordinator of risk management, compliance and internal audit function is responsible for:

- a. ensuring that investment manager complies with the law and regulation;
- b. acting as a liaison officer to the Financial Service Authority;
- c. making compliance strategy;
- d. renewing compliance strategy, if:
 - 1. there is a change and/or addition of investment manager's activities; and/or
 - 2. there is a new regulation and/or amendment to regulation of the Financial Service Authority or other relevant regulations;
- e. disseminating and familiarizing related parties at investment manager with compliance manual, policies, procedures, and other information related to compliance;
- f. supervising and ensuring the realization of business continuity plan according to the policy set by the company;
- g. ensuring that employees receive training and education related to compliance;
- h. making and conveying annual work plan of compliance function to the board of commissioners containing activities and timeline to realize the activities of compliance function;

- i. making and conveying a mid-yearly report and a yearly report on the realization of compliance function to the board of commissioners; and
- j. conveying an incidental report to the board of commissioners in case of alleged violation of the law and regulation in the field of capital market committed by investment manager and/or his/her customers no later than 2 (two) working days after the alleged violation has been found.

Article 17

The tasks and responsibilities of compliance function shall be endorsed in a written charter binding the functions of investment manager.

Article 18

To realize internal audit function, coordinator of risk management, compliance and internal audit function is responsible for ensuring the realization of investment manager's functions according to the written procedure and policy/standard operating procedure.

Article 19

To carry out internal audit function, coordinator of risk management, compliance and internal audit function shall :

- a. make a plan, control and record of all internal audit activities realized;
- b. make a note of all findings, conclusion and recommendation from the realization of internal audit activities; and
- c. make an internal audit report after the realization of each internal audit to the board of commissioners.

Part Five

Marketing and Customer Complaint Service Function

Article 20

The realization of marketing and customer complaint service function shall meet the following provisions:

- a. the realization of marketing and customer complaint service function shall be coordinated by a coordinator who is an employee who holds a permit as a representative of stock company from the Financial Service Authority and has work experience in the field of capital market and/or finance for at least 2 (two) years;

- b. employee who carries out the marketing of mutual fund stocks shall hold a permit as a representative of stock company or representative of mutual fund stock sales agent;
- c. employee who carries out the marketing of collective investment portfolio management services other than mutual fund and investment management services shall hold a permit as a representative of stock company;
- d. if the marketing and customer complaint service function is not carried out in a unit of function, then:
 - 1. marketing function is coordinated by a coordinator who is an employee who holds a permit as a representative of stock company from the Financial Service Authority and has work experience in the field of capital market and/or finance for at least 2 (two) years; and
 - 2. customer complaint service function is coordinated by a coordinator who is an employee who holds a permit as representative of stock company or representative of mutual fund stock sales agent from the Financial Service Authority and has work experience in the field of capital market and/or finance for at least 2 (two) years.
 - 3. coordinator of marketing function is responsible for coordinating :
 - a) the process of opening of mutual fund account, collective investment portfolio other than mutual fund , and customer investment management service by observing the policy and procedure set to apply know your customers principle; and
 - b) the marketing of investment products correctly and professionally by applying provisions on customer risk profile and other relevant regulation.
 - 4. coordinator of customer complaint services function is responsible for: coordinating :
 - a) receipt and administration of customer complaint;
 - b) the handling and follow-up action of customers complaint; and
 - c) administering the further results of handling and follow up to customer's service.

Part Six

Information Technology Function

Article 21

The realization of information technology function shall meet the following provisions :

- a. the realization of information technology function is coordinated by a coordinator who is a member of the board of directors or employee having work experience in the field of information technology at least 1 (one) year;

- b. coordinator of information technology function is responsible for:
 - 1. reviewing and maintaining information technology system periodically to ensure that :
 - a) the information technology system can support the operational activities of investment manager so that they will run well; and
 - b) the information technology system has met the need to make electronic reports to the Financial Service Authority so that the reporting can be carried out according to the rules; and
 - 2. keeping back-up data periodically.

Part Seven

Human Resource Development Function

Article 22

The realization of human resource development function shall meet the following provisions:

- a. the realization of human resource development function is coordinated by a coordinator who is a member of the board of directors or employ who has work experience in the field of human resource development for at least 1 (one) year;
- b. coordinator of human resource development function is responsible for:
 - 1. making and implementing training programs to improve the technical capability of employees and their compliance with code of ethics and standard of conduct;
 - 2. making a procedure of screening to recruit new employees according to the standard operating procedure and the existing provisions; and
 - 3. keeping notes and documents related to human resource development function, which includes but is not limited to documents related to training and personnel administration.

Part Eight

Accounting and Finance Function

Article 23

The realization of accounting and finance function shall meet the following provisions:

- a. the realization of accounting and finance function is coordinated by a coordinator who is a member of the board of directors or an employee who has work experience in the field of accounting and finance for at least 1 (one) year;

- b. coordinator of accounting and finance function is responsible for:
1. planning and managing accounting and financial activities; and
 2. ensuring that yearly financial statement, mid-yearly financial statement, monthly report of investment manager's activities, report of adjusted net working capital and other reports submitted to the Financial Service Authority have been made based on accurate data and according to the regulation of the Financial Service Authority and the Financial Accounting Standard.

CHAPTER IV

TRANSFER OF THE REALIZATION OF FUNCTIONS

Article 24

Investment manager can transfer the realization of information technology function, human resource development function, and accounting and finance function to a service provider in the form of legal entity by constantly observing provisions related to the realization of the functions in this regulation of the Financial Service Authority and the law and regulation.

Article 25

If investment manager transfers the functions as referred to in Article 24, the investment manager will be responsible for the conduct and activities of the service provider receiving the transfer of functions from the investment manager.

Article 26

Investment manager who transfers the realization of functions as referred to in Article 24 shall ensure that service provider who receives the transfer of functions is professional who has capacity and capability standard to realize the functions and is capable of meeting his/her obligations according to an agreement on the transfer of functions.

Article 27

Investment manager shall have and implement standard operating procedures to supervise the conduct and activities of service provider receiving the transfer of functions from the investment manager.

Article 28

The realization of information technology function, human resource development function and accounting and finance function can only be transferred to service provider on condition :

- a. Investment manager shall report information on a plan to transfer the realization of information technology function, human resource development function, and accounting and finance function to the Financial Service Authority using format of report of a plan for the transfer of functions as contained in the attachment which is an integral part of this Regulation of the Financial Service Authority.
- b. Before appointing a service provider to realize information technology function, human resource development function, and accounting and finance function, investment manager shall conduct a due diligence test on the service provider, covering :
 1. the capability of the service provider to realize the functions of investment manager;
 2. the capability of the service provider to meet its obligations according to an agreement;
 3. operational factors and financial capability, both qualitatively and quantitatively;
 4. reputation factor;
 5. insurance coverage by the service provider (if any);
 6. potential conflict of interests particularly if the service provider is engaged in the same business field;
and
 7. the capability and adequacy of resources owned by the service provider if it has an agreement on the transfer of investment manager's functions to the service provider (outsourcing) with several parties;
and
- c. Investment manager shall periodically review functions realized by the service provider to ensure that the functions have been realized properly and correctly according to the standard operating procedure to realize the functions.
- d. Investment manager shall has a written agreement with service provider covering at least :
 1. name of party;
 2. scope, qualifications, and conditions of investment manager's functions whose realization is transferred to the service provider;
 3. responsibilities of investment manager and service provider and supervision of the realization of the responsibilities;
 4. service standard and mechanism to ensure that the standard can be met anytime;
 5. confidentiality and security of information;

6. responsibility related to the security of information technology system;
 7. reporting by service provider to investment manager;
 8. responsibility of service provider to investment manager for unsatisfactory services or violations of the agreement;
 9. guarantee for service quality and compensation;
 10. the obligation of service provider, anytime if requested, to provide each note, information and/or assistance related to the functions of investment manager realized to the investment manager appointing the service provider, auditor of the investment manager, and/or the Financial Service Authority;
 11. ban on service provider to appoint a third party (sub contract) to realize its obligations;
 12. provisions on the continuation of investment manager's functions if the service provider is in a state of emergency so that it cannot carry out its functions;
 13. termination of an agreement covering transfer of information and steps to terminate an agreement, and procedure of transition; and
 14. mechanism of settling disputes between investment manager and service provider.
- e. Investment manager shall ensure that service provider keep confidentiality of information received from investment manager.
 - f. Investment manager on the next working day shall report to the Financial Service Authority if the service provider fails to meet its obligations.
 - g. Investment manager shall ensure that the Financial Service Authority can anytime access the bookkeeping, notes and documents of the service provider related to the transfer of investment manager's function to the service provider;
 - h. Investment manager can only appoint a service provider whose operational activities are located in Indonesia.

CHAPTER V

OBLIGATION OF REPORTING

Article 29

- (1) Investment manager shall convey the following reports to the Financial Service Authority:
 - a. report of an annual work plan of compliance function as referred to in Article 16 letter h using format of an annual work plan of compliance function as referred to in the attachment which is an integral

part of this Regulation of the Financial Service Authority, no later than the 12th (twelfth) day after the end of December;

- b. mid-yearly report on the realization of compliance function as referred to in Article 16 letter l using a format of mid-yearly report on the realization of compliance function as contained in the attachment which is an integral part of this Regulation of the Financial Service Authority, no later than the 12th (twelfth) day after the end of June;
- c. yearly report on the realization of compliance function as referred to in Article 16 letter i using a format of yearly report on the realization of compliance function as contained in the attachment which is an integral part of this Regulation of the Financial Service Authority, no later than the 12th (twelfth) day after the end of December; and
- d. incidental report as referred to in Article 16 letter j using a format of incidental report as contained in the attachment which is an integral part of this Regulation of the Financial Service Authority, no later than 7 (seven) working days after the incident is known.

(2) If the deadline for the submission of the reports as referred to in paragraph (1) letters a, b, and c fall on holiday, the reports shall be conveyed no later than the following 1 (one) working day.

CHAPTER VI

SANCTIONS

Article 30

- (1) Without reducing criminal provisions in the field of capital market, the Financial Service Authority has the authority to impose administrative sanctions on any party violating this regulation, including those causing the violation in the form of :
- a. written warning;
 - b. fine, namely the obligation to pay a certain sum of money;
 - c. restriction on business activity;
 - d. freeze of business activity;
 - e. revocation of business permit;
 - f. cancellation of approval; and
 - g. cancellation of registration.
- (2) The administrative sanctions as referred to in paragraph (1) letter b, c, d, or e can be imposed with or without a prior written warning as referred to in paragraph (1) letter a.

- (3) The administrative sanction in the form of fine as referred to in paragraph (1) letter b can be imposed separately or together with administrative sanctions as referred to in paragraph (1) letter c, d, or e.

Article 31

In addition to administrative sanctions as referred to in Article 30 paragraph (1), the Financial Service Authority can take certain measures against any party violating this regulation of the Financial Service Authority.

Article 32

The Financial Service Authority can announce the imposition of administrative sanctions as referred to in Article 30 paragraph (1) and certain measures as referred to in Article 31 to the public.

CHAPTER VII

TRANSITIONAL PROVISIONS

Article 33

Investment manager shall adjust to and meet provisions as referred to in this Regulation of the Financial Service Authority no later than 6 (six) months after this Regulation of the Financial Service Authority has been promulgated.

CHAPTER VIII

CONCLUSION

Article 34

Further provisions on the technical implementation of investment manager's functions which have not been provided for in this Regulation of the Financial Service Authority will be set forth in Circular of the Financial Service Authority.

Article 35

When this Regulation of the Financial Service Authority begins to take effect, Decision of the Chairman of the Capital Market and Financial Institutions Supervisory Board No.: KEP-480/BL/2009 dated December 31, 2009 on Guide to Implementing the Functions of Investment Manager and Regulation No. V.D.11 which serves as an attachment to the decision shall be declared null and void.

Article 36

This Regulation of the Financial Service Authority shall come into effect as from the date of promulgation.

For public cognizance, this Regulation of the Financial Service Authority shall be promulgated by placing it in the Statute Book of the Republic of Indonesia.

Stipulated in Jakarta

On November 19, 2014

THE CHAIRMAN OF THE BOARD OF COMMISSIONERS OF
THE FINANCIAL SERVICE AUTHORITY,

sgd

MULIAMAN D. HADAD

Promulgated in Jakarta

On November 19, 2014

THE LAW AND HUMAN RIGHTS MINISTER OF
THE REPUBLIC OF INDONESIA,

sgd.

YASONNA H. LAOLY

STATUTE BOOK OF THE REPUBLIC OF INDONESIA
OF 2014 NO. 359

(S)

**THE PROCEDURE OF PROVIDING, CALCULATING,
DISBURSING AND ACCOUNTING FOR
RICE SUBSIDY FOR LOW-INCOME PEOPLE
(Regulation of the Finance Minister of the Republic of
Indonesia No. 94/PMK.02/2014 dated May 28, 2014)
[Continued from Business News No. 8796 page 41-48]**

Article 20

To carry out activities related to subsidized rice for low income people, the Finance Ministry and the Social Service Ministry can conduct monitoring and evaluation according to their respective authority.

Article 21

This Ministerial Regulation shall take effect, provided fund used for subsidized rice for low income people is still provided in the APBN and/or Revised APBN.

Article 22

Provisions on the procedure of providing, calculating, disbursing and accounting for subsidized rice for low-income people as referred to in this Ministerial Regulation are used for the procedure of providing, calculating, disbursing and accounting for subsidized rice for low-income people starting from the budget year 2014.

Article 23

When this Ministerial Regulation begins to take effect, Regulation of the Finance Minister No. 237/PMK.02/2012 on the Procedure of Providing, Calculating, Paying and Accounting for Rice Subsidy for Low-Income People shall be revoked and declared null and void.

Article 24

This Ministerial Regulation shall come into force as from the date of promulgation.

For public cognizance, this Ministerial Regulation shall be promulgated by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On May 28, 2014

THE FINANCE MINISTER OF THE REPUBLIC OF INDONESIA,

sgd.

MUHAMAD CHATIB BASRI

Promulgated in Jakarta

On June 3, 2014

THE LAW AND HUMAN RIGHTS MINISTER OF

THE REPUBLIC OF INDONESIA,

sgd.

AMIR SYAMSUDIN

STATE GAZETTE OF THE REPUBLIC OF INDONESIA

OF 2014 NO. 697

ATTACHMENT

COST STRUCTURE OF HPB CALCULATION

- A. Opening Stock
- B. Production, Overhead and ,Management Costs
 - 1. Production Cost
 - a. Domestic Procurement Cost
 - Unhusked Rice Procurement
 - Rice Procurement
 - b. Overseas Procurement Cost
 - c. Opslag/Weighing Cost
 - d. Survey Cost

e. Rice Milling Cost

2. Overhead Cost

a. Storing and Maintenance Cost

b. Movement Cost

c. Rebagging Cost

d. Insurance and Import Duty Cost

e. Quarantine/Survey/Surcharge Cost

f. Wrapping Sack Cost

3. Management Cost

C. Interest and Bank Administration

D. Stock Controlled

E. Closing Stock

F. Production Cost of Goods Distributed

G. Distribution Cost

H. Total Budget

I. Quantity distributed

J. HPB per kilogram

K. Margin Fee

THE FINANCE MINISTER OF THE REPUBLIC OF INDONESIA,

sgd.

MUHAMAD CHATIB BASRI

(S)

SHAREHOLDERS OF PUBLICLY LISTED COMPANY

(Regulation of the Financial Service Authority No. 32 /POJK.04/2014 dated December 8, 2014)

BY THE GRACE OF GOD ALMIGHTY

THE BOARD OF COMMISSIONERS OF THE FINANCIAL SERVICE AUTHORITY,

Considering:

- a. that the application of good corporate governance principles for a publicly listed company needs to be improved to better protect the rights of shareholders in organizing a general meeting of shareholders;
- b. that provisions on the plan and holding of a general meeting of shareholders for a publicly listed company need adjustment in line with the need of the capital market industry for good corporate governance;
- c. that based on the considerations as referred to in letters a and b, it is necessary to stipulate a regulation of the Financial Service Authority on the Plan and Holding of General Meeting of Shareholders of Publicly Listed Company;

In view of :

1. Law No. 8/1995 on the Capital Market (Statute Book of 1995 No. 64, Supplement to Statute Book No. 3608);
2. Law No. 40/2007 on Limited Liability Company (Statute Book of 2007 No. 106, Supplement to Statute Book No. 4756);
3. Law No. 21/2011 on the Financial Service Authority (Statute Book of 2011 No. 111, Supplement to Statute Book No. 5253);

D E C I D E S :

To stipulate :

REGULATION OF THE FINANCIAL SERVICE AUTHORITY ON THE PLAN AND HOLDING OF GENERAL MEETING OF SHAREHOLDERS OF PUBLICLY LISTED COMPANY.

CHAPTER I

GENERAL PROVISIONS

Article 1

Referred to in this Regulation of the Financial Service Authority as :

1. Publicly listed company is an issuer that conducts a public offering of equity stocks or a publicly listed company.
2. General meeting of shareholders, hereinafter called RUPS, is the organ of a publicly listed company that has the authority that is not given to the board of directors or the board of commissioners as referred to in Law on Limited Liability Company and/or the articles of association of a publicly listed company.
3. Board of directors is the organ of a publicly listed company that is fully authorized and responsible for the management of a publicly listed company in the interests of the publicly listed company according to the purpose and aim of the publicly listed company, either inside or outside court based on the articles of association of the publicly listed company.
4. Board of commissioners is the organ of a publicly listed company that is assigned to conduct general and/or special supervision according to the articles of association and to give advice to the board of directors of the publicly listed company.

Article 2

- (1) RUPS consists of annual RUPS and other RUPS.
- (2) Annual RUPS shall be held no later than 6 (six) months after the end of book year.
- (3) Other RUPS can be held anytime according to the need in the interests of the publicly listed company.

CHAPTER II

THE HOLDING OF RUPS

Part One

Request for the Holding of RUPS

Article 3

- (1) 1 (one) shareholder or more that jointly represents 1/10 (one-tenth) or more of the entire shares with the right to vote, except if the articles of association of publicly listed company decides a smaller number, can make a request for a RUPS.

- (2) The request for RUPS as referred to in paragraph (1) is filed to the board of directors by means of registered mail along with reasons.
- (3) The request for the holding of RUPS as referred to in paragraph (1) :
 - a. shall be made with good intention;
 - b. shall consider the interests of the publicly listed company;
 - c. shall be a request which needs approval from RUPS;
 - d. shall be accompanied by reasons and issues that must be decided at RUPS; and
 - e. shall not contradict the law and articles of association of the publicly listed company.
- (4) The board of directors shall announce RUPS to shareholders no later than 15 (fifteen) days after the board of directors has received the request for the holding of RUPS as referred to in paragraph (1).
- (5) If the board of directors announces RUPS as referred to in paragraph (4), shareholders can propose the holding of RUPS to the board of commissioners.
- (6) The board of commissioners shall announce RUPS to shareholders no later than 15 (fifteen) days after the board of commissioners has received the request for the holding of RUPS as referred to in paragraph (5).

Article 4

- (1) If the board of directors or the board of commissioners does not announce RUPS within a period of time as referred to in Article 3 paragraphs (4) and (6), the board of directors or the board of commissioners announce that :
 - a. there has been a request for the holding of RUPS from shareholders as referred to in Article 3 paragraph (1); and
 - b. the reason for not holding RUPS.
- (2) The announcement as referred to in paragraph (1) is made no later than 15 (fifteen) days after a request for the holding of RUPS from shareholders as referred to in paragraph Article 3 paragraphs (4) and (6).
- (3) The announcement as referred to in paragraph (1) for a publicly listed company whose shares are registered at the Stock Exchange, covers at least :
 - a. 1 (one) new Indonesian national newspaper with national turnover;
 - b. website of the Stock Exchange; and
 - c. the website of the publicly listed company in Bahasa Indonesia and foreign language at least English.
- (4) The announcement as referred to in paragraph (1) for the publicly listed company whose shares are not listed at the stock exchange shall be made at least through:

- a. 1 (one) newspaper in Bahasa Indonesia with national circulation; and
 - b. the website of the publicly listed company in Bahasa Indonesia and foreign language at least English.
- (5) The announcement in foreign language as referred to in paragraph (3) letter c and paragraph (4) letter b shall carry information which is the same as that in Bahasa Indonesia.
- (6) In case of different interpretation of information announced in foreign language and that announced in Bahasa Indonesia as referred to in paragraph (5), information in Bahasa Indonesia will be used as reference.
- (7) Evidence of the announcement as referred to in paragraph (3) letter a and paragraph (4) letter a and a copy of the request for the holding of RUPS as referred to in Article 3 paragraph (2) shall be conveyed to the Financial Service Authority no later than 2 (two) working days after the announcement has been made.

Article 5

- (1) If the board of commissioners does not announce RUPS as referred to in Article 3 paragraph (6), shareholders as referred to in Article 3 paragraph (1) can file a request for the holding of RUPS to the chief of the district court whose jurisdiction covers the domicile of the publicly listed company to decide the issuance of a permit to hold RUPS.
- (2) Shareholders who have received a court decision to hold RUPS as referred to in paragraph (1) shall :
- a. make announcement, extend invitations to RUPS, make a summary of RUPS, for RUPS held according to this Regulation of the Financial Service Authority.
 - b. notify the holding of RUPS and send evidence of announcement, evidence of invitation, summary of RUPS for RUPS to the Financial Service Authority according to this Regulation of the Financial Service Authority.
 - c. enclose document containing the names of shareholders and the amount of their shares at the publicly listed company that has received a court decision to hold RUPS and a court decision in the notification as referred to in letter b to the Financial Service Authority about the plan to hold RUPS.

Article 6

The shareholders as referred to in Article 3 paragraph (1) shall not transfer their share ownership within a period of at least 6 (six) months after RUPS if the request for RUPS is met by the board of directors or the board of commissioners or decided by the court.

GOVERNMENT REGULATIONS

Part Two

Place and Time of Holding RUPS

Article 7

- (1) RUPS shall be held in the territory of the Republic of Indonesia.
- (2) Publicly listed company shall decide a place and time to hold RUPS.
- (3) The place to hold RUPS as referred to in paragraph (2) shall be :
 - a. the domicile of the publicly listed company;
 - b. the place where the publicly listed company carries out its core business;
 - c. capital of province where the domicile or business site of publicly listed company carries out its core business is found; or
 - d. province where the domicile of the stock exchange where the shares of the publicly listed company are listed is found.

Part Three

Notification of RUPS

Article 3

- (1) Publicly listed company shall first convey a notification on the agenda of the meeting to the Financial Service Authority no later than 5 (five) working days before the announcement of RUPS, without regarding the date of announcing RUPS.
- (2) The agenda of the meeting as referred to in paragraph (1) shall be disclosed in a clear and detailed manner.
- (3) In case of a change in the agenda of the meeting as referred to in paragraph (2), publicly listed company shall convey the change in the agenda of the meeting to the Financial Service Authority no later than the announcement no later than the time when RPS is called.

Article 9

Provisions in Article 8 shall mutatis mutandis apply to the notification on the holding of RUPS by shareholders that have secured a court decision to hold RUPS as referred to in Article 5 paragraph (2).

Part Four

Announcement of RUPS

Article 10

- (1) Publicly listed company shall announce RUPS to shareholders no later than 14 (fourteen) days before invitation to RUPS, without considering the date of announcement on the date of invitation.
- (2) The announcement of RUPS as referred to in paragraph (1) shall carry at least:
 - a. provisions on shareholders having the right to attend RUPS;
 - b. provisions on shareholders having the right to propose agenda of meeting;
 - c. date of holding RUPS; and
 - d. date of invitation to RUPS.
- (3) If RUPS is held at the request of shareholders as referred to in Article 3, in addition to carrying the matters as referred to in paragraph (2), the announcement of RUPS as referred to in paragraph (1) shall also carry information that the publicly listed company holds RUPS upon the request of shareholders.
- (4) The announcement of RUPS to shareholders as referred to in paragraph (1) for publicly listed company whose shares are listed at the stock exchange shall be made at least through :
 - a. 1 (one) newspaper in Bahasa Indonesia with national circulation;
 - b. the website of the stock exchange; and
 - c. the website of the publicly listed company in Bahasa Indonesia and foreign language at least English.
- (5) The announcement of RUPS to shareholders as referred to in paragraph (1) for publicly listed company whose shares are listed at the stock exchange shall be made at least through :
 - a. 1 (one) newspaper in Bahasa Indonesia with national circulation;
 - b. the website of the stock exchange; and
 - c. the website of the publicly listed company in Bahasa Indonesia and foreign language at least English.
- (6) The announcement of RUPS in foreign language as referred to in paragraph (4) letter c and paragraph (5) letter b shall carry information which is the same as that in Bahasa Indonesia.
- (7) In case of different interpretation of information announced in foreign language and that announced in Bahasa Indonesia as referred to in paragraph (6), information in Bahasa Indonesia will be used as reference.
- (8) Evidence of the announcement as referred to in paragraph (4) letter a and paragraph (5) letter a shall be conveyed to the Financial Service Authority no later than 2 (two) working days after the announcement of RUPS has been made.
- (9) If RUPS is held at the request of shareholders, evidence of the announcement of RUPS as referred to in paragraph (8) is conveyed along with a copy of the request for the holding of RUPS as referred to in Article 3 paragraph (2).

Article 11

Provisions in Article 10 shall mutatis mutandis apply to announcement on the holding of RUPS by shareholders who have secured a court decision to hold RUPS as referred to in Article 5 paragraph (2).

Article 12

- (1) Shareholders can propose the agenda of meeting in writing to the board of directors no later than 7 (seven) days before invitations to RUPS are extended.
- (2) Shareholder that can propose the agenda of meeting as referred to in paragraph (1) is 1 (one) shareholder or more representing 1/20 (one-twentieth) or more than the entire shares with the right to vote, except if the articles of association of the publicly listed company decides smaller amount.
- (3) The proposal for the agenda of meeting as referred to in paragraph (1):
 - a. shall be made with good intention;
 - b. shall consider the interests of publicly listed company;
 - c. shall carry reasons and proposal for the agenda of meeting; and
 - d. shall not contradict the law and regulation.
- (4) The proposal for the agenda of meeting from shareholders as referred to in paragraph (1) constitutes the agenda of meeting that needs a decision of RUPS.
- (5) Publicly listed company shall contain proposed agenda of meeting from shareholders as referred to in paragraph (1) up to paragraph (4) in the agenda of meeting contained in invitations to RUPS.

Part Five

Invitations to RUPS

Article 13

- (1) Publicly listed company shall extend invitations to shareholders no later than 21 (twenty one) days before RUPS without considering the date of invitation and the date of RUPS.
- (2) The invitations to RUPS as referred to in paragraph (1) shall contain at least :
 - a. date of RUPS;
 - b. time of RUPS;
 - c. place of RUPS;

- d. provisions on shareholders having the right to attend RUPS;
 - e. agenda of meeting including explanations on each agenda of meeting; and
 - f. information that materials related to the agenda of meeting is available to shareholders since the date of invitation of RUPS until the date of holding RUPS.
- (3) Invitations to RUPS to shareholders as referred to in paragraph (1) for publicly listed company whose shares are listed in the stock exchange shall be carried at least through:
- a. 1 (one) new Indonesian national newspaper with national circulation;
 - b. the website of the Stock Exchange; and
 - c. the website of the publicly listed company in Bahasa Indonesia and foreign language at least English.
- (4) The invitation to RUPS to shareholders as referred to in paragraph (1) for the publicly listed company whose shares are not listed at the stock exchange shall be made at least through:
- a. 1 (one) newspaper in Bahasa Indonesia with national circulation; and
 - b. the website of the publicly listed company in Bahasa Indonesia and foreign language at least English.
- (5) The invitations to RUPS in foreign language as referred to in paragraph (3) letter c and paragraph (4) letter b shall carry information which is the same as that in Bahasa Indonesia.
- (6) In case of different interpretation of information contained in invitations in foreign language and that contained in invitations in Bahasa Indonesia as referred to in paragraph (5), information in Bahasa Indonesia will be used as reference.
- (7) Evidence of the invitations to RUPS as referred to in paragraph (3) letter a and paragraph (4) letter a shall be conveyed to the Financial Service Authority no later than 2 (two) working days after the invitations to RUPS are extended.

Article 14

Provisions in Article 13 shall *mutatis mutandis* apply to invitations to RUPS held by shareholders who have secured a court decision to hold RUPS as referred to in Article 5 paragraph (2).

Article 15

- (1) Publicly listed company shall provide materials of the agenda of meeting to shareholders.
- (2) The materials of agenda of meeting as referred to in paragraph (1) shall be made available since the date of invitations to RUPS up to the date of RUPS.

- (3) If the other law stipulates the obligation to provide materials of agenda of meeting earlier than specified as referred to in paragraph (2), the materials of agenda of meeting shall be made available by complying with the other law.
- (4) The materials of agenda of meeting made available as referred to in paragraph (2) can take in the form of copies of physical documents and/or copies of electronic documents.
- (5) The copies of physical documents as referred to in paragraph (4) are given free of charge at the office of the publicly listed company if requested in writing by shareholders.
- (6) The copies of electronic documents as referred to in paragraph (4) can be accessed or downloaded through the website of the publicly listed company.
- (7) If the agenda of meeting to appoint members of the board of directors and/or members of the board of commissioners, curriculum vitae of members of the board of directors and/or members of the board of commissioners who will be appointed shall be made available :
 - a. on the website of the publicly listed company from invitations up to the holding of RUPS; or
 - b. at other time than that as referred to in letter a but not exceeding the time of RUPS, provided it is stipulated in the law and regulation.

Article 16

- (1) Publicly listed company shall rectify invitations to RUPS in case of a change in information in the invitations to RUPS as referred to in Article 13 paragraph (2).
- (2) If the rectification of invitations to RUPS as referred to in paragraph (1) contains information on a change in the date of RUPS and/or addition of agenda of RUPS, publicly listed company shall extend another invitations to RUPS through the procedure of invitations as referred to in Article 13.
- (3) Provisions on the obligation to extend other invitations to RUPS as referred to in paragraph (2) will not be valid if the rectification of invitations to RUPS related to a change in the date of RUPS and/or the addition of agenda of RUPS is made not because of the mistake made by the publicly listed company.
- (4) Evidence of the rectification of invitations made not because of the mistake made by the publicly listed company as referred to in paragraph (3) is conveyed to the Financial Service Authority on the same day as the rectification of invitations is made.
- (5) Provisions on media and procedure of conveying invitations to RUPS as referred to in Article 13 paragraphs (3), (4), and (7) shall mutatis mutandis apply to the media of making rectification of invitations to RUPS and procedure of conveying evidence of rectification of invitations to RUPS as referred to in paragraph (1).

Article 17

- (1) Invitations to second RUPS are extended on condition :
 - a. invitations to second RUPS are extended no later than 7 (seven) days before it is held.
 - b. invitations to second RUPS must state that the first RUPS has been held without reaching quorum.
 - c. second RUPS is held as early as 10 (ten) days and not more than 21 (twenty) days after the first RUPS.
- (2) Provisions on media of extending invitations and making rectification of invitations to RUPS as referred to in Article 13 paragraphs (3) up to (7) and Article 16 shall mutatis mutandis apply to invitations to second RUPS.

Article 18

Invitations to third RUPS are extended on condition:

1. invitations to third RUPS at the request of the publicly listed company are decided by the Financial Service Authority.
2. The third RUPS shall state the second RUPS has been held without reaching quorum.

Part Six

The Rights of Shareholders and the Presence of Other Parties at RUPS

Paragraph 1

The Rights of Shareholders

Article 19

- (1) Shareholders, either individually or being represented based on a power of attorney, have the right to attend RUPS.
- (2) Shareholders that have the right to attend RUPS are those whose names registered in the list of shareholders of the publicly listed company 1 (one) working day before invitations to RUPS are extended.
- (3) In case of rectification of invitations as referred to in Article 16 paragraph (1), shareholders who have the right to attend RUPS are those whose names are registered in the list of shareholders of the publicly listed company 1 (one) day before rectification of invitations to RUPS has been made.

Article 20

When RUPS is held, shareholders have the right to obtain information on the agenda of meeting and

materials related to the agenda of meeting provided they do not contradict the interests of the publicly listed company.

Paragraph 2

The Presence of Other Parties in RUPS

Article 21

When RUPS is held, the publicly listed company can invite other parties related to the agenda of RUPS.

Part Seven

Chairman of RUPS

Article 22

- (1) RUPS is chaired by a member of the board of commissioners appointed by the board of commissioners.
- (2) If all members of the board of commissioners are not present or are not present due to unavoidable thing, RUPS shall be chaired by a member of the board of directors appointed by the board of directors.
- (3) If all members of the board of commissioners or members of the board of directors are not present or are not present due to unavoidable thing as referred to in paragraphs (1) and (2), RUPS shall be chaired by a shareholder who is present at RUPS and is appointed from and by participants of RUPS.

Article 23

- (1) If the member of the board of commissioners appointed by the board of commissioners to chair RUPS has a conflict of interests with the agenda of meeting to be decided at RUPS, RUPS shall be chaired by the other member of the board of commissioners that has no conflict of interests appointed by the board of commissioners.
- (2) If all members of the board of commissioners have a conflict of interests, RUPS shall be chaired by one of the members of the board of directors appointed by the board of directors.
- (3) If one of the members of the board of directors appointed by the board of directors to chair RUPS has a conflict of interests with the agenda of meeting to be decided at RUPS, RUPS shall be chaired by a member of the board of directors that has no conflict of interests.
- (4) If all members of the board of directors have a conflict of interests, RUPS shall be chaired by one of non-controlling shareholders appointed by the vast majority of other shareholders present at RUPS.

Part Eight

Rules of RUPS

Article 24

- (1) When RUPS is held, the rules of RUPS shall be given to shareholders who are present.
- (2) The essence of the rules of RUPS as referred to in paragraph (1) shall be read out before RUPS is started.
- (3) When RUPS is opened, the chairman of RUPS shall explain shareholders at least :
 - a. general condition of the publicly listed company in brief;
 - b. the agenda of meeting;
 - c. the mechanism of taking decisions related to the agenda of meeting; and
 - d. the procedure of exercising the right of shareholders to raise questions and/or express ideas.

Part Nine

Decision, Quorum of Attendance and Quorum of Decision of RUPS,

Paragraph 1

Decision of RUPS

Article 25

- (1) Decision of RUPS is taken based on a deliberation to reach an agreement.
- (2) If the decision based on a deliberation to reach an agreement as referred to in paragraph (1) is not reached, the decision is taken by voting.
- (3) The decision taken by voting as referred to in paragraph (2) shall consider quorum of attendance and quorum of Decision of RUPS.

Paragraph 2

Quorum of Attendance and Quorum of Decision

Article 26

- (1) Quorum of attendance and quorum of decision of RUPS for the agenda of meeting that must be decided at RUPS shall abide by the following rules:
 - a. RUPS can be held if at RUPS more than 1/2 (a half) of the entire shares with the right to vote is present or represented, except if the law and/or the articles of association of the publicly listed company decides larger quorum.

- b. If the quorum as referred to in letter a is not reached, a second RUPS can be held on condition the second RUPS is legitimate and has the right to take a decision if at RUPS more than 1/3 (one-third) of the entire shares with the right to vote is present or represented, except if the articles of association of the publicly listed company decides larger quorum.
 - c. The decision of RUPS as referred to in letters a and b will be legitimate if it is approved by more than 1/2 (a half) of the entire shares with the right to vote is present at RUPS, except if the law and/or the articles of association of the publicly listed company decides that a decision will be legitimate if it is approved by the larger number of votes.
- (2) If quorum of attendance at the second RUPS as referred to in paragraph (1) letter b is not reached, a third RUPS can be held on condition the third RUPS will be legitimate and have the right to take a decision if it is attended by shareholders of shares with the legitimate right to vote in the quorum of attendance and quorum of decision set by the Financial Service Authority upon the request of the publicly listed company.

Article 27

to be continued

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