

**REGULATION OF KSEI NUMBER IX
REGARDING
THE WORKING COMMITTEE OF KSEI AND THE BUDGET COMMITTEE OF KSEI**

1. DEFINITIONS

1.1. In this regulation, referred to as:

- 1.1.1. **Working Committee of KSEI** shall be the committee formed by KSEI which is consisting of the Business Committee, the Regulation Committee, and the Internal Control Committee as referred to in the Regulation of the Capital Market and Financial Institutions Supervisory Agency No.III.C.6 regarding the Internal Controls and Administrative Procedures of the Central Securities Depository, the Attachment to the Decree of the Chairman of the Capital Market and Financial Institutions Supervisory Agency Number: KEP-29/PM/1998 dated June 19th, 1998.
- 1.1.2. **Budget Committee of KSEI** shall be the committee formed by KSEI based on this Regulation.
- 1.1.3. **PT Kustodian Sentral Efek Indonesia** which hereinafter will be referred to as "**KSEI**" shall be a company which has obtained business permit from the Financial Services Authority to administer business activity as the Central Securities Depository.
- 1.1.4. **General Meeting of Shareholders** which hereinafter will be referred to as the "**GMS**" shall be the Company Organ possessing the authorities which are not delegated to the Board of Directors or the Board of Commissioners within the limits stipulated in this Law and/or the articles of association as referred to in the Law regarding Limited Liability Company.
- 1.1.5. **Internal Control Committee of KSEI** shall be the Internal Control Committee as referred to in the Regulation of the Capital Market and Financial Institutions Supervisory Agency No.III.C.6 regarding the Internal Controls and Administrative Procedures of the Central Securities Depository, Attachment to the Decree of the Chairman of the Capital Market and Financial Institutions Supervisory Agency Number: KEP-29/PM/1998 dated June 19th, 1998.
- 1.1.6. **Committees' Charter** shall be the working guidelines to carry out the functions and duties of the members of the Working Committee of KSEI and/or the Budget Committee of KSEI in exercising their authorities in order to assist the Board of Directors of KSEI professionally, and in accordance with the principles of Good Corporate Governance as well as the prevailing ethical standards at KSEI.
- 1.1.7. **Business Committee of KSEI** shall be the Business Committee as referred to in the Regulation of the Capital Market and Financial

Institutions Supervisory Agency No. III.C.6 regarding the Internal Control and Administrative Procedures of the Central Securities Depository, Attachment to the Decree of the Chairman of the Capital Market and Financial Institutions Supervisory Agency Number: KEP-29/PM/1998 dated June 19th, 1998.

- 1.1.8. **Regulation Committee of KSEI** shall be the Regulation Committee as referred to in the Regulation of the Capital Market and Financial Institutions Supervisory Agency No. III.C.6 regarding the Internal Controls and Administrative Procedures of the Central Securities Depository, Attachment to the Decree of the Chairman of the Capital Market and Financial Institutions Supervisory Agency Number: KEP-29/PM/1998 dated June 19th, 1998.

2. FORMATION OF THE WORKING COMMITTEE OF KSEI AND THE BUDGET COMMITTEE OF KSEI

- 2.1. The number of members of each Working Committee of KSEI and the Budget Committee of KSEI is respectively stipulated to be consisting of 5 (five) persons.
- 2.2. The term of membership of the Working Committee of KSEI is determined for a term of 2 (two) years, which is starting as of the date of requesting for the approval at the annual GMS of KSEI until the annual GMS of KSEI at the subsequent 2 (two) years or as stipulated otherwise based on the decree of the Board of Directors of KSEI.
- 2.3. The candidate for the members of the Working Committee of KSEI and/or the Budget Committee of KSEI must be a member of the Board of Directors or an employee at the level directly under the Board of Directors of the shareholders of KSEI.
- 2.4. Particularly for the members of the Working Committee of KSEI and/or the Budget Committee of KSEI which is representing the Custodian Bank may be an employee who is at the least one level under the employee responsible for the entire performance of the department handling the performance of Custodian services including the investment products of the Capital Market.
- 2.5. The candidate for the members of the Working Committee of KSEI and/or the Budget Committee of KSEI as referred to in points 2.3. and 2.4., must fulfill the criteria, among others:
 - 2.5.1. Possessing knowledge and expertise in the Capital Market sector;
 - 2.5.2. Possessing good understanding towards the statutory regulations in the Capital Market sector; and
 - 2.5.3. Has integrity and commitment toward the development of the Capital Market.

- 2.6. The entire members of the Internal Control Committee shall constitute the representatives of the Custodian Bank.
- 2.7. The shareholders shall be entitled to nominate the candidates for the members of the Working Committee of KSEI and the Budget Committee of KSEI with the mechanism as stipulated in the Regulation of KSEI regarding the Working Committee of KSEI and the Budget Committee of KSEI.
- 2.8. The members of the Working Committee of KSEI and the Budget Committee of KSEI shall be elected from the candidates nominated by the most active shareholder of KSEI at the Capital Market. The criteria of active aforesaid shall be stipulated based on, among others, the transaction settlement volume at KSEI or other business activities performed by the shareholder and/or other criteria stipulated based on the discretion of the Board of Directors of KSEI.
- 2.9. Each member of every Working Committee of KSEI and each member of the Budget Committee of KSEI appointed by the Board of Directors of KSEI must represent different shareholder of KSEI.
- 2.10. Each member of the Working Committee of KSEI shall not be permitted to concurrently occupy an office in the membership at other Working Committee of KSEI or at the Budget Committee of KSEI.
- 2.11. The members of the Working Committee of KSEI and the Budget Committee of KSEI shall be elected from the candidates nominated by the shareholders of KSEI, and shall be appointed and dismissed by the Board of Directors of KSEI. The appointment and dismissal aforesaid shall be requested for approval at the subsequent GMS.
- 2.12. The nomination of the candidates for the members of every Working Committee of KSEI and the Budget Committee of KSEI shall be conducted at the latest 30 (thirty) calendar days prior to the expiry of the term of service of the Working Committee of KSEI and/or the Budget Committee of KSEI, provided that each shareholder shall nominate 1 (one) candidate for the members of every Working Committee of KSEI and the Budget Committee of KSEI.
- 2.13. The term of membership of the Budget Committee of KSEI shall be determined for a term of 1 (one) year, which is starting as of the date of requesting the approval at the annual GMS of KSEI until the annual GMS of KSEI in the subsequent year or as stipulated otherwise based on the decree of the Board of Directors of KSEI.
- 2.14. For the interim appointment and dismissal of members of the Working Committee of KSEI and/or the Budget Committee of KSEI, the approval of the GMS as referred to in point 2.11. shall not be required to the extent that the Board of Directors of KSEI has obtained the authority for the appointment and dismissal aforesaid at the previous GMS of KSEI.
- 2.15. Each member of the Budget Committee of KSEI shall not be permitted to concurrently occupy an office at the Working Committee of KSEI.

- 2.16. A member of the Working Committee of KSEI or the Budget Committee of KSEI shall be entitled to resign from the membership by means of prior written notice to KSEI and the resignation aforesaid shall be effective as of the date on which the relevant individual no longer works at the shareholder of KSEI.
- 2.17. KSEI shall be authorized to dismiss a member of the Working Committee of KSEI or the Budget Committee of KSEI if:
 - 2.17.1. The concerned member no longer works at the company which become the shareholder of KSEI;
 - 2.17.2. The concerned member no longer occupies the office as the Board of Directors or an employee at the level directly under the Board of Directors at the company which become the shareholder of KSEI;
 - 2.17.3. The concerned member did not attend the meetings of the Working Committee of KSEI or the Budget Committee of KSEI totaling to 3 (three) times consecutively despite he/she sent his/her representatives in the meetings aforesaid; or
 - 2.17.4. The concerned member did not comply with the ethic codes of the committees and any provisions further stipulated in the Committees' Charter as stipulated in the decree of the Board of Directors of KSEI;
- 2.18. KSEI may fill-in the vacancies in the membership of the Working Committee of KSEI and/or the Budget Committee of KSEI, by appointing the candidates who have been once nominated by the shareholders of KSEI as referred to in point 2.8., or other candidates nominated by the shareholders to continue the remaining term of office of membership of the member being substituted aforesaid.
- 2.19. The costs arising in relation to activities of the Working Committee of KSEI or the Budget Committee of KSEI shall be charged on the budget of KSEI.

3. DUTIES AND RESPONSIBILITIES OF THE WORKING COMMITTEE OF KSEI AND THE BUDGET COMMITTEE OF KSEI

3.1. Business Committee of KSEI

- 3.1.1. Provide advices and inputs to the Board of Directors of KSEI, whether requested or not, in relation to the providing of services of KSEI, including the development of services and the charging of services costs of KSEI.
- 3.1.2. Provide recommendations over the plans for the change of businesses, the new services, the changes in the services costs of KSEI before the plans and the changes aforesaid are requested for approval to the Financial Services Authority.

3.2. Regulation Committee of KSEI

- 3.2.1. Provide advices and inputs to the Board of Directors of KSEI, whether requested or not, in relation to the regulations on the services of KSEI.
- 3.2.2. Provide recommendations over every draft of Regulation of KSEI before the draft of regulation aforesaid is requested for approval from the Financial Services Authority.

3.3. Internal Control Committee of KSEI

- 3.3.1. Provide advices and inputs to the Board of Directors of KSEI, whether requested or not, in relation to the internal control, particularly the services system control in order to ensure that the services of KSEI are in accordance with the prevailing provisions and procedures.
- 3.3.2. Provide recommendations over the appointment of partners related to the services system being used directly by the Account Holders including the appointment of the Payment Banks.
- 3.3.3. Provide advices and responses over the reports received from KSEI in relation to the audit procedure, internal control, security procedure, and every material deviation taking place in the implementation of the operational system.

3.4. Budget Committee of KSEI

- 3.4.1. Collectively with the Board of Commissioners of KSEI review the work plan and the annual budget of KSEI which has been presented by the Board of Directors of KSEI for the subsequent year.
- 3.4.2. Provide recommendations over the work plan and the annual budget of KSEI presented by the Board of Directors of KSEI to obtain approval from the Board of Commissioners, the GMS and the Financial Services Authority.

3.5. The providing of recommendations by the Working Committee of KSEI and/or the Budget Committee of KSEI approved by the Board of Directors of KSEI regarding the matters as referred to in points 3.1.2., 3.2.2., 3.3.2., and 3.4.2. shall be carried out based on the resolutions of the meetings of the related committees which shall be further stipulated in the Committees' Charter.

3.6. If within a period of 5 (five) Working Days as of the convening of the meeting of the Working Committee of KSEI or the Budget Committee of KSEI to adopt the resolution regarding the providing of recommendation as referred to in the point 3.5., KSEI has not yet received the recommendation from the Working Committee of KSEI and/or the Budget Committee of KSEI, then, the Board of Directors of KSEI, based on its discretion, may immediately follow up the matters requested for the recommendation aforesaid.

4. THE MEETINGS OF THE WORKING COMMITTEE OF KSEI AND THE BUDGET COMMITTEE OF KSEI

- 4.1. The Meetings of the Working Committee of KSEI or the Budget Committee of KSEI shall be convened monthly by the members of the Working Committee of KSEI or the Budget Committee of KSEI and the Board of Directors of KSEI.
- 4.2. The resolutions of the Meetings of the Working Committee of KSEI or the Budget Committee of KSEI shall be adopted based on the majority votes, attended by 5 (five) members of the committees or the representatives of the members of the committees. The appointment of representatives may only be granted to 1 (one) person from the same company and shall be granted permanently and should have been approved by KSEI.
- 4.3. For every convening of the Meetings of the Working Committee of KSEI or the Budget Committee of KSEI shall be drawn up the minutes of meeting executed by the Board of Directors of KSEI and shall be delivered to the Financial Services Authority.
- 4.4. The procedure of mechanism for the convening of meetings of the Working Committee of KSEI and the Budget Committee of KSEI shall be further determined and stipulated in each Committees' Charter.

5. THE SECRETARIAT OF THE WORKING COMMITTEE OF KSEI AND THE BUDGET COMMITTEE OF KSEI

- 5.1. In performing their duties, the Working Committee of KSEI and the Budget Committee of KSEI shall be assisted by the working units of KSEI appointed by the Board of Directors of KSEI to act as the secretariat of the Working Committee of KSEI and the Budget Committee of KSEI.
- 5.2. The procedure for the appointment and the duties of the secretariat of the Working Committee of KSEI and the Budget Committee of KSEI shall be further determined and stipulated in the Decree of the Board of Directors of KSEI.

Stipulated in : Jakarta
On : May 16th, 2016

PT Kustodian Sentral Efek Indonesia

Margeret M. Tang
President Director

Syafruddin
Director

Friderica Widayarsi Dewi
Director