

**REGULATION OF KSEI NUMBER VII
REGARDING
THE INSPECTION OF KSEI**

1. DEFINITIONS

1.1. In this regulation, referred to as:

- 1.1.1. **PT Kustodian Sentral Efek Indonesia** which hereinafter will be referred to as "**KSEI**" shall be a company which has obtained business permit from OJK to administer business activity as the Central Securities Depository.
- 1.1.2. **Inspection of KSEI** shall be a series of activities of searching, collecting, interviewing, requesting information, making copies, and processing data and/or other information which are carried out by the Examiner of KSEI in the framework of examining the compliance over the fulfillment of obligation of the Services Users and/or the S-INVEST Users toward the Regulation of KSEI as well as to verify and/or to indicate whether there is any violation against the Regulation of KSEI or not.
- 1.1.3. **Services User** shall be the Account Holder and/or Securities Issuer.
- 1.1.4. **S-INVEST Users** shall be the Investment Manager, the Broker-Dealer carrying out Post Trade Processing Transaction, Mutual Fund Selling Agent, Custodian Bank, the Bank as a dealer, and other parties stipulated by the Financial Services Authority who are registered at the S-INVEST Provider as referred to in Article 1 Point 6 of the Regulation of the Financial Services Authority Number 28/POJK.04/2016 regarding the Integrated Investment Management System.
- 1.1.5. **Regulation of KSEI** shall be the regulation issued by KSEI and will be effective after obtaining approval from OJK, including its implementing regulations issued by KSEI from time to time.
- 1.1.6. **Financial Services Authority** which hereinafter will be referred to as "**OJK**" shall be the independent institution which is free from the intervention of other parties, having the functions, tasks and authorities for regulating, supervising, examining and investigating as referred to in the Law regarding the Financial Services Authority.
- 1.1.7. **Examiner of KSEI** shall be the employee of KSEI and/or other Parties appointed by KSEI to carry out inspection over the Services Users and/or the S-INVEST Users.
- 1.1.8. **Party** shall be an individual, company, partnership, association or organized group as referred to in Law regarding Capital Market.
- 1.1.9. **Inspection Result Report** which hereinafter will be referred to as "**LHP**" shall be a report containing the implementation and the result of Inspection of KSEI, composed by the Examiner of KSEI in accordance with the scope and objectives of the Inspection of KSEI.

2. PROCEDURE FOR INSPECTION OF KSEI

- 2.1. Inspection of KSEI being carried out may be in the form of:
 - 2.1.1. Periodic Inspection of KSEI which is inspection carried out in the framework of examining the compliance for the fulfillment of obligations of the Services Users and/or the S-INVEST Users toward the Regulation of KSEI.
 - 2.1.2. Occasional Inspection of KSEI which is inspection carried out in the framework of examining the presence of indication of violation by the Services Users and/or the S-INVEST Users against the Regulation of KSEI, both carried out based on the needs of KSEI or upon the request of OJK, the Stock Exchange and/or KPEI.
- 2.2. Inspection of KSEI is started after the issuance of the assignment letter for the Inspection of KSEI by the board of directors of KSEI.
- 2.3. The assignment letter for the Inspection of KSEI as referred to in the provision point 2.2 shall be issued after being composed the program for the Inspection of KSEI which must at least contain:
 - 2.3.1. Legal Basis;
 - 2.3.2. Objectives;
 - 2.3.3. Scope;
 - 2.3.4. Name of the Examiner of KSEI; and
 - 2.3.5. Term.
- 2.4. In performing the Inspection of KSEI, the Examiner of KSEI may carry out the required actions towards:
 - 2.4.1. The Services Users;
 - 2.4.2. The S-INVEST Users; and/or
 - 2.4.3. Other Services Users or S-INVEST Users having legal relationship with the Services Users or the S-INVEST Users who become the object of inspection of KSEI.
- 2.5. In performing the Inspection of KSEI as referred to in point 2.4, the Examiner of KSEI may carry out, among others:
 - 2.5.1. requesting information, confirmation and/or evidence;
 - 2.5.2. examining records, bookkeeping and/or other supporting documents;
 - 2.5.3. borrowing or making copies of records, bookkeeping and/or other documents to the extent necessary;
 - 2.5.4. entering a certain places or rooms which are suspected constituting the place for storing the records, bookkeeping and/or other documents; and/or
 - 2.5.5. instructing the Services Users, the S-INVEST Users and/or other Services Users or other S-INVEST Users to secure the records, bookkeeping and/or other documents kept in the places or rooms as referred to in point 2.5.4 above, for the interest of Inspection of KSEI.

3. LHP

- 3.1. After the conducting of Inspection of KSEI, the Examiner of KSEI will be obliged to draw up LHP.
- 3.2. LHP as referred to in the provision of point 3.1, shall at least contain the following matters:
 - 3.2.1. Findings;
 - 3.2.2. Conditions;
 - 3.2.3. Recommendations;
 - 3.2.4. Responses of the Services Users or the S-INVEST Users; and
 - 3.2.5. Conclusion.
- 3.3. KSEI will deliver LHP to OJK.
- 3.4. KSEI will deliver periodic LHP to the Services Users or the S-INVEST Users being inspected and/or other related Parties who are authorized to receive LHP as stipulated by KSEI.
- 3.5. KSEI may deliver occasional LHP to the Services Users or the S-INVEST Users being inspected and/or other related Parties who are authorized to receive LHP as stipulated by KSEI.

Stipulated in: Jakarta
On : December 6, 2018

PT Kustodian Sentral Efek Indonesia

Syafruddin
Director