

## **ARTICLES OF ASSOCIATION**

### **PT KUSTODIAN SENTRAL EFEK INDONESIA**

*This English translation is only provided for guidance and the Indonesian text is the only one which should be relied upon. In the event of any contradiction or discrepancy between the English and Indonesian versions or in the event of any ambiguity in the interpretation of the Law, the original Indonesian version shall prevail.*

Articles of Association

**Name and place of domicile**

**Article 1**

1. This Limited Liability Company is named "PT Kustodian Sentral Efek Indonesia" (hereinafter will be sufficiently abbreviated as the "Company"), domiciled in South Jakarta.
2. The Company may open branch offices or representative offices, both inside and outside the territory of the Republic of Indonesia as stipulated by the Board of Directors with the Approval of the Board of Commissioners.

**Term of duration of the company**

**Article 2**

The Company is established for indefinite period of time, starting as of 23-12-1997 (the twenty third day of December of the year one thousand nine hundred ninety seven) and has obtained its legal entity status based on the decree of the Minister of Justice of the Republic of Indonesia on 24-12-1997 (the twenty fourth day of December of the year one thousand nine hundred ninety seven), number: C2-13412.HT.01.01.TH.97.

**Purposes and Objectives as well as Business Activities**

**Article 3**

1. The purposes and objectives of the Company are:-----  
Supporting the policies of the Government in the development of the Capital Market in the framework of National Development by providing the central Custodian services and the settlement of orderly, fair and efficient transactions as well as other services related- to the purposes and objectives aforesaid.-----
2. In order to achieve the abovementioned purposes and objectives, the Company may carry out business activities in accordance with the prevailing statutory regulations as follows:-----
  - a. Providing services as the central Custodian who can- carry out Securities recording and depositing in the Collective Custody and/or fund for the interest of the account holders in-- the Company, among others:-----

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- 1) the administration of Securities account to record and deposit Securities and/or the fund related- to the Securities transaction;-----  
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  - 2) the receipt and delivery of dividends, interests, principal loan, bonus stock and/or-- other rights in the form of Securities and/or fund;-----  
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  - 3) the overbooking settlement of Securities in to and out of the Collective Custody;-----
  - 4) the overbooking settlement of Securities and/or fund from one Securities account to other Securities account based on the instruction of the account holder;-----
  - 5) the implementation of corporate action from the Securities Issuer in the form of Securities and/or fund;-----

- b. Providing services to record, deposit and transfer the funds in and out of the Company related to the Company's services outside of the Company's services as a central Custodian;
- c. Providing services as a central Custodian that can record Securities electronically which are not part of Collective Custody and/or safekeeping of funds.
- d. Providing and organizing the administration of Securities, in the- form of activities to issue the register of Securities holders and/or written confirmation for general meeting of Securities holders and the reports or announcements which are required to be--- acknowledged by the account holders or other parties in accordance with the prevailing statutory regulations.-----  
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- e. Carrying out the overbooking settlement of Securities and/or fund in the framework of settlement of Stock Exchange Transaction and Transaction Outside the Stock Exchange over the Securities deposited in the Collective Custody in--- the Company.-----

- f. Providing and Organizing unified systems and/or electronic facilities which are integrating the entire processes of Investment including but not limited to Product Transactions, Basic Assets Transactions, fund deposit, data centralization, reporting data in the investment management industry, in accordance with the approval of the-Financial Services Authority.-----  
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- g. Providing and organizing services, systems and/or integrated electronic facilities that integrate all processes including but not limited to product transactions, basic asset transactions, data centralization, reporting data for other financial service providers related to investment management in accordance with the approval of the Financial Services Authority. -----
- h. Providing the systems and/or facilities which can facilitate the provision of information on the planning, implementation and reporting of general meeting of Securities holders.-----
- i. Providing and conducting services, systems and/or facilities related to the centralization of customer data and information to be used by financial service providers related to the know-your-customer principles based on the laws and regulations in force in Indonesia. -----
- j. Providing settlement services towards foreign central Custodian.-----
- k. The Company can then provide services and/or carry out other activities related to the above mentioned purposes and objectives as well as other business activities of the Company and/or as mandated by the applicable laws and regulations of the Financial Services Authority.-----

## **Capital**

### **Article 4**

1. The authorized capital of the Company is in the amount of Rp. 600.000.000.000,- (six hundred billion Rupiah), which is divided into 12,000 (twelve thousand) shares, each share has the nominal value of Rp. 50.000.000,- (fifty million Rupiah).
2. Of the referenced authorized capital of the Company, has been issued and paid up 50% (fifty percent) or totaling to 6,000 (six thousand) shares with the aggregate nominal value of the paid up shares in the amount of Rp. 300.000.000.000,- (three hundred billion Rupiah).
3. The increase of capital of the Company will be carried out according to the needs of the Company and will be carried out in accordance with the provisions of Article 41, Article 42, Article 43 of Law number 40 of the Year 2007 regarding Limited Liability Company (hereinafter will be referred to as the "Company Law") upon obtaining approval from the Financial Services Authority to the eligible party as stipulated in Article 5 paragraph 2 of the articles of association as well as with due observance of the provisions of the statutory regulations in the Capital Market sector.

## **Shares**

### **Article 5**

1. All shares issued by the Company shall be registered shares.
2. Eligible to become a shareholder of the Company shall be an Indonesian legal entity organizing business activities as Stock Exchange, Clearing and Guarantee Institution, Securities Company, Securities Administration Bureau, Custodian Bank who is organizing its businesses actively in accordance with the prevailing regulations, or other parties upon the approval of the Financial Services Authority.
3. a. If the shareholder aforesaid, then, no longer fulfills the requirements to become a shareholder as referred to in paragraph 2 of this Article, then, the relevant shareholder will be obliged to transfer its rights over shares aforesaid within a period of 6 (six) months, starting as of the date of revocation of business permit or the revocation of

approval of the shareholder aforesaid by the Financial Services Authority, to the party fulfilling the requirements, by fulfilling the provisions in Article 8 of this articles of association.

- b. In the event that the time period aforesaid in letter a above has passed, but the shareholder aforesaid has not transferred its rights to other party which meets the requirements, then the shareholder aforesaid is obliged to transfer the shares aforesaid to the Company by fulfilling the provisions in Article 8 of this articles of association.
4. Every share in the Company will give the same voting right, provided that the relevant voting right cannot be exercised by the shareholder of the Company, if the relevant shareholder, then, no longer fulfills the requirements as a shareholder as referred to in paragraph 2 of this Article.
5. The composition of share ownership in the Company will be stipulated based on the approval of the Financial Services Authority, with due observance of the provision in paragraph 2 of the Article.
6. The shareholders must be subject to the articles of association and all resolutions validly adopted in the General Meeting of Shareholders (hereinafter will be abbreviated as the "GMS") as well as the statutory regulations.
7. The Company will only acknowledge 1 (one) party as the owner of 1 (one) share in accordance with the provision of Article 52 of the Company Law.
8. The evidence of share ownership may be in the form of share certificate or collective share certificate, the format of which will be stipulated by the Board of and executed by the President Director and the President Commissioner.
9. A share certificate may be issued as the evidence of ownership of 1 (one) share whereas the collective share certificate may be issued as the evidence of ownership of 2 (two) or more shares owned by a shareholder.

10. a. A share certificate must at least bear:
  - i. Name and address of the shareholder;
  - ii. Number of the share certificate;
  - iii. Date of issuance of the share certificate;
  - iv. Nominal value of the share;
  
- b. A collective share certificate must at least bear:
  - i. Name and address of the shareholder;
  - ii. Number of the collective share certificate;
  - iii. Date of issuance of the collective share certificate;
  - iv. Nominal value of the shares;
  - v. Total number of the shares.

### **Replacement for share certificate**

#### **Article 6**

1. In the event that the share certificate is damaged, can no longer be used, or is lost, the Board of Directors will issue the replacement for share certificate, with the requirements and procedures as stipulated based on the Decree of the Board of Directors, with due observance of the statutory regulations.
  
2. Share certificate as referred to in paragraph 1 will then be deleted and by the Board of Directors will be drawn up the minutes thereof to be reported in the subsequent GMS.
  
3. If the share certificate is lost, then, upon the request of those concerned, the Board of Directors will issue the replacement for share certificate, after, according to the discretion of the Board of Directors, such loss has been sufficiently proven and against a warranty considered necessary by the Board of Directors for each particular case.
  
4. After the replacement for share certificate aforesaid is issued, then, the original share certificate will no longer be applicable towards the Company.
  
5. The provisions as referred to in paragraph 1 up to paragraph 4 of this Article will be applicable mutatis mutandis to the issuance of replacement for collective share certificate.

6. All costs for the issuance of the replacement for share certificate or collective share certificate will be borne by the relevant shareholder.

### **Register of shareholders and special register**

#### **Article 7**

1. The Company will be obliged to maintain and keep the Register of Shareholders and the Special Register at the place of domicile of the Company in accordance with the provisions of Article 50, Article 60, Article 100, Article 101 and Article 116 of the Company Law as well as the provisions of the statutory regulations in the Capital Market sector.
2. The records in the Register of Shareholders must be executed by the President Director collectively with the President Commissioner.
3. The Board of Directors will be obliged to maintain and keep the Register of Shareholders and the Special Register in accordance with the provisions of Article 50 of the Company Law.
4. In the Special Register will be recorded information in accordance with the provisions of Article 50 paragraph 2 and paragraph 3 of the Company Law.
5. The Board of Directors will make available the Register of Shareholders at the office of the Company, the shareholder or its lawful representative may demand that the Register of Shareholders which is specifically concerning the relevant shareholder be presented to it/him/her during office hours of the Company.

### **Transfer of rights over shares**

#### **Article 8**

1. Transfer of rights over shares must be based on the deed of transfer of rights executed by the transferor and the transferee or their lawful proxies and must be carried out in accordance with the provisions of Article 56 of the Company Law.



2. For the transfer of rights over shares which is carried out partially, the transfer of rights over shares may only be carried out for at least 1% (one percent) of the entire issued and paid up shares of the Company. The transfer of rights over shares aforesaid cannot be carried out if it causes the share ownership of the relevant shareholder to become less than 1% (one percent) of the entire issued and paid up shares of the Company.
3. a. The shareholder intending to transfer its rights over shares (“Offering Shareholder”) must firstly offer them in writing to other shareholders (“Recipient Shareholder”) by stating the price as well as the terms of sales and must notify in writing to the Board of Directors regarding the offers of the shares aforesaid and the transfer of rights over shares must obtain approval of the Financial Services Authority, with due observance of the provisions in Article 5 paragraph 2 and paragraph 5 of the articles of association and the applicable statutory regulations.

The Recipient Shareholders receiving the offer aforesaid will be entitled to deliver their interest over the offer aforesaid within a period of 30 (thirty) days starting as of the date of the offer.

- b. If after the lapse of the 30 (thirty) day period, evidently there is not any other Recipient Shareholders intending to purchase the shares aforesaid, then, the Offering Shareholder may offer or transfer its rights over shares to other party and other shareholders, upon obtaining approval of the Financial Services Authority.
- c. In the event that there is no offer from the Recipient Shareholder or other parties as referred to in letter a and b above, the shareholder aforesaid may offer the shares to the Company, after obtaining the approval from the Financial Services Authority, without the need to hold a GMS and the Company may purchase the shares aforesaid.

4. In the event that the shareholders:
  - a. cannot fulfill the requirements as referred to in Article 5 paragraph 2 of the articles of association;
  - b. all of its shares ownership in the Company is acquired by other shareholders or carries out merger with other shareholders, which resulted in the composition of share ownership of the Company exceeds the limit in accordance with the policy of the Financial Services Authority; or
  - c. is decided or approved by the Financial Services Authority to carry out the transfer of rights over shares of the Company;

then, the relevant shareholder will be obliged to transfer its rights over shares aforesaid within a period of no later than 6 (six) months starting as of the occurrence of the abovementioned events.

The process of the offering shares by the shareholders is carried out while still referring to Article 8 paragraph 3 letter a and b above. In the event that the shares aforesaid cannot be transferred within the period as referred to above, then, the shareholder aforesaid will be obliged to transfer the shares aforesaid to the Company, upon obtaining approval of the Financial Services Authority, without having to convene the GMS and the Company is obliged to redeem the shares aforesaid.

5. The redemption of shares of the Company by the Company may be carried out with the following conditions:
  - a. by using the price agreed upon by the shareholders and the Company, with the maximum is latest book value (which has been audited by the accountant of the Company) less 20% (twenty percent) of the book value aforesaid.
  - b. by using the nominal share price, in the event that the transfer of shares by the shareholder aforesaid fulfills the conditions referred to in paragraph 4 of this Article.
6. In relation to the redemption of shares by the Company, then, the Company will be entitled to and will be granted with power of attorney by the shareholder aforesaid to sell the shares aforesaid to the Company.

The redemption of shares by the Company did not does not result in the revocation of shares aforesaid, unless for the purpose of capital decrease. The shares redeemed by the

Company aforesaid do not have voting rights and will not be taken into account in determining the total quorum which must be reached in accordance with these articles of association.

If the redemption by the Company as referred to in paragraph 4 and paragraph 5 above exceeds 10% (ten percent) of the issued capital of the Company, then, the exceeding amount aforesaid must be purchased by the Stock Exchange in Indonesia and/or the Clearing and Guarantee Institution, upon obtaining approval of the Financial Services Authority, with due observance of the provisions in Article 5 paragraph 5 of the articles of association.

7. The shares may only be transferred to other legal entity or party upon the approval of the Financial Services Authority, as referred to in Article 5 paragraph 2 of the articles of association.
8. The transfer of rights over shares must be carried out by means of a note regarding the transfer aforesaid in the Register of Shareholders and it must be carried out in accordance with the provisions of Article 56 of the Company Law. The note aforesaid must also be affixed on the relevant share certificate or collective share certificate. The note in the Register of Shareholders and the share certificate or the collective share certificate aforesaid must be executed by the President Director collectively with the President Commissioner.
9. The transfer of rights over shares to other legal entity or party who does not fulfill the provisions in these articles of association will be considered unlawful and invalid towards the Company, therefore, the relevant transfer of rights over shares will not be permitted to be recorded in the Register of Shareholders of the Company.
10. Starting as of the day of invitation for GMS up to the day of convening of GMS, no transfer of rights over shares will be permitted.
11. The transfer of rights over shares which is contradictory to the provisions in the articles of association will not be applicable towards the Company.
12. If there should occur any change of share ownership, the initial owner who is registered in the Register of Shareholders must remain to be considered as the holder of the shares

until the name of the new owner is recorded in the Register of Shareholder, without prejudice to the approval from the Financial Services Authority as well as the provisions of this articles of association.

13. The Board of Directors will be entitled to, by providing reason thereof, refuse recording the transfer of rights over shares in the Register of Shareholders, if the procedures required in this articles of association and the procedures stipulated by the Decree of the Board of Directors are not fulfilled or if one of the requirements from the authorities is not fulfilled.

If the Board of Directors refuses to record the transfer of rights over shares, then, the Board of Directors within a period of 30 (thirty) days after the date of receipt of the request to carry out the recording by the Board of Directors, and the Board of Directors must deliver notification of refusal to the party intending to transfer its rights.

14. A party obtaining rights over shares as the result of dissolution or liquidation of a shareholder who constitutes a legal entity or due to any reason whatsoever which resulted in the ownership of the shares to change according to the legislations, by presenting the evidence of its right as at any time required by the Board of Directors, may submit a written application to be registered as a shareholder.

The registration may be carried out if the Board of Directors can accept in good order the evidence of the right aforesaid and the relevant party fulfills the provisions in Article 5 paragraph 2 of the articles of association and the statutory regulations.

## **GMS**

### **Article 9**

1. In these articles of association, the **GMS** shall mean the Annual **GMS** and the other **GMS** which will also be referred to as the Extraordinary **GMS**, unless expressly stipulated otherwise.
2. The Board of Directors will convene the **GMS** in accordance with the provisions of Article 77, Article 78 and Article 79 of the Company Law.

3. In the Annual GMS:
  - a. The Board of Directors will present the annual report in accordance with provisions of Article 66, Article 67 and Article 68 of the Company Law;
  - b. Will be stipulated the utilization of net profit in accordance with the provisions of Article 70 and Article 71 of the Company Law;
  - c. Will be made the appointment and/or dismissal and/or changes to the members of the Board of Directors and the members of the Board of Commissioners, as well as the stipulation of the salary/honorarium and the facilities of the members of the Board of Directors and the members of the Board of Commissioners, if required;
  - d. Will be made the designation and appointment of 5 (five) representatives of the shareholders to sit in the Budget Committee collectively with the Board of Commissioners who are assigned to review the work plan and the annual budget of the Company which have been reviewed by the Board of Directors for the subsequent year;
  - e. Will be made the appointment of public accountant office;
  - f. Will be resolved other agenda which have been duly proposed in accordance with the provisions of the Company Law and the articles of association.
4. The approval of the annual report and the ratification of the financial statement by the Annual GMS will mean the granting of full release and discharge from the liabilities to the members of the Board of Directors over the management and to the members of the Board of Commissioners over the supervision which have been performed during the previous financial year, to the extent that such actions are reflected in the annual report and the financial statement.
5. The Extraordinary GMS will not be authorized to discuss and resolve the agenda of the Meeting referred to in paragraph 3 points a and b.
6. At the latest on the 31st (thirty first) day of October each year, the Company will be obliged to convene the GMS to give approval over the work plan and the annual budget of the subsequent year which are submitted by the Board of Directors and which have

obtained approval from the Board of Commissioners.

- 7. In the event that the Board of Directors or the Board of Commissioners did not invite and convene the GMS as referred to in Article 78 and Article 79 of the Company Law, the shareholders will be entitled to carry out the invitation for the GMS by fulfilling the provisions of Article 80 of the Company Law.

**Venue, Invitation and Chairman of the GMS**

**Article 10**

- 1. The GMS will be convened at the place of domicile of the- Company or at the place of main business activity of the Company.-----
- 2. The GMS will be convened by giving invitation in accordance with the provisions of Article 82 and Article- 86 of the Company Law, by giving prior notification at the latest 14 (fourteen) calendar days before invitation- for the GMS, which will be carried out by means of registered mail and/or by placing advertisement in at least- 2 (two) daily newspapers in the Indonesian language, one- of which with wide circulation and one of which is published at the place of domicile of the Company, as stipulated by the Board of Directors.-----
- 3. The invitation for the GMS must state the day, date, time, venue and agenda of the meeting supplemented with a notification that the materials to be discussed in the--- meeting are available at the office of the Company in accordance with the provisions of Article 82 of the Company Law.-----
- 4. The GMS will be chaired by the President Commissioner, unless stipulated otherwise in the articles of association.-----
- 5. In the event that the President Commissioner is absent or prevented from attending due to any reason whatsoever, of which impediment, no evidence to the third party will be required, the GMS will be chaired by one of the other members of the Board of Commissioners.-----
- 6. In the event that all members of the Board of Commissioners are absent or prevented from attending due- to any reason whatsoever, of which impediment, no evidence to the

third party will be required, the GMS will be chaired by a member of the Board of Directors.-----

7. In the event that all members of the Board of Directors are absent or prevented from attending due to any reason- whatsoever, of which impediment, no evidence to the third party will be required, the GMS will be chaired by an individual elected by and from among those present in the meeting.-----

8. In the event that the GMS with the agenda to appoint the- members of the Board of Commissioners, then, the meeting will be chaired by the President Director. In the event that the President Director is absent or prevented from attending due to any reason whatsoever, of which impediment, no evidence to the third party will be required, the meeting will be chaired by one of the Directors.-----

9. In the event that the GMS with the agenda to appoint the members of the Board of Directors, then, the GMS will be- chaired by the President Commissioners; In the event that the President Commissioner is absent or prevented from attending due to any reason whatsoever, of which impediment, no evidence to the third party will be required, the meeting will be chaired by one of the other members of the Board of Commissioners.-----

**Quorum, Voting Rights, and Resolutions of the GMS**

**Article 11**

1. The GMS may be convened if the attendance quorum is in accordance with the provisions of Article 86, Article 88- and Article 89 of the Company Law.-----

2. The shareholder may be represented by other shareholder-- or by another individual by virtue of a power of attorney in accordance with the provisions of Article 85 of the-- Company Law.-----

3. In the GMS, every share will grant right to its owner in- order to cast 1 (one) vote in accordance with the provisions of Article 84 of the Company Law.-----

4. The members of the Board of Directors, the members of the Board of Commissioners and the employees of the Company-- are prohibited to act as the proxies in the GMS.-----

5. Voting concerning an individual in relation to a position as a member of the Board of Directors and/or a member of the Board of Commissioners will be carried out by means of unsigned folded ballots and concerning other matters will be carried out verbally, unless the Chairman of the meeting stipulates otherwise, without any objection from the group of shareholders or a shareholder present in the meeting who is owning more than 50% (fifty percent) of the shares of the Company with voting rights.-----
6. Blank votes and void votes will be considered non-existent and will not be taken into account in determining the total number of votes cast in the GMS.-----
7. The GMS may adopt resolution in accordance with the----- provisions of Article 87, Article 88, and Article 89 of-- the Company Law.-----
8. The shareholders may adopt resolution in lieu of the GMS- and it will be carried out in accordance with the provisions of Article 91 of the Company Law.-----
9. Of any and all things discussed and resolved in the GMS, will be drawn up the minutes of the GMS in accordance with the provisions of Article 90 of the Company Law.-----

### **Board of directors**

#### **Article 12**

1. The Company will be managed and led by a Board of Directors consisting of at least 3 (three) members of the Board of Directors and maximum of 7 (seven) Board of Directors, one individual among them will be appointed as the President Director. Further provisions regarding the total number, the arrangement, and the composition of the members of the Board of Directors is in accordance with the statutory regulations in the Capital Market sector which stipulates regarding the Director of the Depository and Settlement Institution.
2. The members of the Board of Directors will be appointed by the GMS from the candidate members of the Board of Directors who are nominated and declared of being qualified in accordance with the statutory regulations in the Capital Market sector which stipulates regarding the Director of the Depository and Settlement Institution.



3. The method for the nomination, election and appointment of the members of the Board of Directors will be carried out in accordance with the statutory regulations in the Capital Market sector which stipulates regarding the Director of the Depository and Settlement Institution.
4. The expiry date of the term of office of the members of the Board of Directors must be stipulated differently from the expiry date of the term of office of the members of the Board of Commissioners of the Company.
5. The term of office of the members of the Board of Directors shall be 4 (four) years starting as of the date of their appointment up to the closing of the 4<sup>th</sup> (fourth) Annual GMS after their appointment and, after the expiry of their term of office, the members of the Board of Directors who have once occupied the office may only be reappointed for 1 (one) more term of office by fulfilling the requirements in accordance with the statutory regulations in the Capital Market sector which stipulates regarding the Director of the Depository and Settlement Institution.
6. The members of the Board of Directors may be given salaries and/or allowances in accordance with the provisions of Article 96 of the Company Law as well as the provisions of the statutory regulations in the Capital Market sector.
7. The members of the Board of Directors may be suspended in accordance with the provisions of Article 106 of the Company Law as well as the provisions of the statutory regulations in the Capital Market sector.
8. In the event that due to any reason whatsoever the office of a member of the Board of Directors is vacant, then, within a period of at the latest 3 (three) months starting as of the relevant office is vacant, must be convened the GMS to fill in the vacant office aforesaid, unless stipulated otherwise by the Financial Services Authority and with due observance of the statutory regulations in the Capital Market sector.

In the event that all offices of the members of the Board of Directors are vacant due to any reason whatsoever, the Board of Commissioners will manage the Company for the time being in accordance with the provisions of Article 118 of the Company Law.

9. The term of office of a member of the Board of Directors who is appointed to fill in the vacant office of a member of the Board of Directors shall be for the remaining term of office of the substituted member of the Board of Directors.
10. A member of the Board of Directors will be entitled to resign from his/her office by notifying in writing regarding his/her intention aforesaid to the Company at least 30 (thirty) days prior to the effective date of his/her resignation.
11. The term of office of a member of the Board of Directors of the Company will automatically end if the relevant member of the Board of Directors:
  - a. loses his/her Indonesian nationality;
  - b. is not competent in performing legal action;
  - c. is declared of being bankrupt or becomes a Commissioner or Director who is found guilty or is co-perpetrator in causing a company to be declared of being bankrupt;
  - d. is sentenced for committing criminal offences;
  - e. is permanently impeded;
  - f. passed away; and/or
  - g. his/her term of office has ended.
12. A member of the Board of Directors of the Company may be dismissed from his/her office by the Financial Services Authority, if the member of the Board of Directors aforesaid:
  - a. Does not have good character and moral conduct;
  - b. Commits a contemptible act in the Capital Market sector in particular and in the financial sector in general;
  - c. Commits a sufficiently material violation over the provisions of the statutory regulations in the Capital Market sector;
  - d. Does not have commitment towards the development of the Company; and/or
  - e. Fails or is incompetent in performing his/her duties.
13. Immediately after the effective date of their appointment, each member of the Board of Directors must notify the Company in writing, their respective addresses, on which addresses the notification of correspondences from the Company must be sent. Every change of address must be immediately notified to the Company in writing, to the extent that such notification has not yet been received, then, all notification and correspondences to the relevant member of the Board of Directors must be sent to the address lastly recorded in the Company.

## **Duties and authorities of the Board of Directors**

### **Article 13**

1. The Board of Directors will manage the Company in accordance with the provisions of Article 92 of the Company Law.
2. In running the management as referred to in paragraph 1, the Board of Directors will be obliged to carry out its duties in good faith and with full sense of responsibility in accordance with the provision of Article 97 of the Company Law and with due observance of the provisions of the statutory regulations in the Capital Market sector.
3. The Board of Directors will be entitled to represent the Company inside and outside the Court of Justice regarding any matters and in any events, to bind the Company to other party and other party to the Company, as well as to take any actions, pertaining to both the management and ownership affairs, however, with the restrictions that in order to:
  - a. acquire or relinquish immovable goods, will be with due observance of paragraph 4 of this Article;
  - b. encumber/mortgage the assets of the Company, will be with due observance of paragraph 4 of this Article;
  - c. provide and acquire loan on behalf of the Company;
  - d. make, amend, annul and terminate agreements with the value and types as stipulated from time to time by the Board of Commissioners;
  - e. establish a new company, make capital participation, increase or decrease capital participation in other company.

must be with the approval of the Board of Commissioners.
4. The Board of Directors will be obliged to request the approval of the GMS to transfer the assets of the Company or to place as debt security over the assets of the Company which constitute more than 50% (fifty percent) of the total net assets of the Company in accordance with the provisions of Article 102 of the Company Law.
5. With regard to the drawing up or the amendment to the regulations on the providing of services by the Company, the Board of Directors must obtain approval from the Board of

Commissioners before submitting them to the Financial Services Authority for its approval and the regulations aforesaid will be effective after obtaining the approval of the Financial Services Authority.

6.
  - a. The President Director will be entitled and authorized to act for and on behalf of the Board of Directors as well as to represent the Company.
  - b. In the event that the President Director is absent or prevented from attending due to any reason whatsoever, of which impediment, no evidence to the third party will be required, then, 2 (two) other members of the Board of Directors will be entitled and authorized to act for and on behalf of the Board of Directors as well as to represent the Company.
7. The distribution of duties and authorities on the management among the members of the Board of Directors will be based on the stipulation of the Financial Services Authority with regard to the total number of requirements and offices of the Directors as referred to in the statutory regulations in the Capital Market sector which stipulates regarding the Director of the Depository and Settlement Institution, to be further submitted for approval of the GMS. The distribution of duties and authorities of the members of the Board of Directors which is not based on the stipulation of the Financial Services Authority aforesaid must be stipulated in the Decree of the Board of Directors based on the resolution of the Meeting of the Board of Directors which has obtained approval of the Board of Commissioners, furthermore, the distribution of duties and authorities on the management among the members of the Board of Directors aforesaid must be submitted for approval from the Financial Services Authority and the subsequent GMS.
8. In the event that there is only one member of the Board of Directors, then, any duties and authorities which are granted to the President Director or other members of the Board of Directors in these articles of association will also be applicable to him/her.
9. In the event that there is any case before the court of justice between the Company and a member of the Board of Directors or in the event that a member of the Board of Directors has conflict of interest with the Company, then, will be entitled to represent the Company, the other members of the Board of Directors as stipulated in Article 99 of the Company Law.

10. The members of the Board of Directors will be prohibited to:
  - a. carry out transaction at the Stock Exchange for his/her personal interest, either directly or indirectly.
  - b. own shares or act as the controller, either directly or indirectly, in a Securities Company and or a Custodian Bank.
  - c. become a controller, either directly or indirectly, in an Issuer or a Public Company.

In the event that a member of the Board of Directors of the Company has:

- a. Shares or acts as a controller, either directly or indirectly, in a Securities Company and or a Custodian Bank which is not an Issuer or a Public Company, then, the shares or his/her control aforesaid must be transferred to other party at the latest within a period of 6 (six) months starting as of his/her acquirement of the shares or control aforesaid, as of he/she is aware of such shares or control, or starting as of the date of the GMS appointing the relevant member of the Board of Directors.
- b. Shares of an Issuer or a Public Company, then, the shares aforesaid cannot be transacted up to 6 (six) months after the expiry of his/her term of office.

### **Meeting of the Board of Directors**

#### **Article 14**

1. The Meeting of the Board of Directors may be convened at least 1 (one) time in 1 (one) month and may be convened at any time if considered necessary by one or more members of the Board of Directors or upon the written request from one or more members of the Board of Commissioners, one and other things, with due observance of the resolution of the Board of Commissioners which has approved the action taken by the President Commissioner or one or more other members of the Board of Commissioners or upon the written request of 1 (one) or more shareholders jointly representing 1/10 (one-tenth) of the total number of the entire shares with voting rights.
2. The invitation for the Meeting of the Board of Directors will be made by a member of the Board of Directors who is entitled to act for and on behalf of the Board of Directors according to the provisions of Article 13 paragraph 6 of these articles of association.

3. The invitation for the Meeting of the Board of Directors must be delivered by means of registered mail or by means of a letter or electronic media personally delivered to every member of the Board of Directors against receipt at the latest 14 (fourteen) days prior to the convening of the meeting, excluding the date of the invitation and the date of the meeting.
4. The invitation of the meeting must state the agenda, date, time and venue of the meeting.
5. The Meeting of the Board of Directors will be convened at the place of domicile of the Company or the place of main business activity of the Company or other agreed place.

If all members of the Board of Directors are present or represented, such prior invitation will not be required, and the Meeting of the Board of Directors may be convened anywhere and will be entitled to adopt valid and binding resolutions.

6. The Meeting of the Board of Directors will be chaired by the President Director. In the event that the President Director is absent or prevented from attending, of which impediment, no evidence to the third party will be required, the Meeting of the Board of Directors will be chaired by a member of the Board of Directors who has been elected based on the resolution of the Board of Directors to temporarily perform the official duty of the President Director who is impeded.

In the event that the Meeting of the Board of Directors is chaired by a Director performing the temporary official duty of the President Director as referred to in this paragraph, the Company will be obliged to submit the minutes of the Meeting of the Board of Directors aforesaid to the Financial Services Authority.

7. In the event of a tie between the affirmative votes and the dissenting votes, then, the Chairman of the Meeting will have the deciding vote.
8. A member of the Board of Directors may be represented in the Meeting of the Board of Directors only by another member of the Board of Directors by virtue of a power of attorney.

9. The Meeting of the Board of Directors will be valid and entitled to adopt binding resolution if more than  $2/3$  (two-third) of the total number of the members of the Board of Directors are present or represented in the meeting.

If in the first meeting, the stipulated quorum cannot be reached, then, must be convened the second meeting within a period of 4 (four) Stock Exchange days to discuss the agenda of the meeting which is the same as the agenda of the first meeting.

The second meeting will be valid if more than  $1/2$  (one-half) of the total number of the members of the Board of Directors are present or represented in the meeting.

10. The resolution of the Meeting of the Board of Directors must be adopted based on deliberation to reach a consensus. In the event that a resolution based on deliberation to reach a consensus cannot be achieved, then, the resolution will be adopted by means of voting based on the affirmative votes of at least more than  $1/2$  (one-half) of the total number of the votes cast in the meeting.
11. The minutes of Meeting of the Board of Directors must be drawn up by one of the individuals present in the meeting, who is appointed by the Chairman of the meeting, and the minutes of the meeting aforesaid must be executed by the Chairman of the meeting jointly with the members of the Board of Directors who are present.

If the minutes of the meeting is drawn up by a Notary, the execution aforesaid will not be required.

The minutes of meeting aforesaid will serve as the valid evidence, both towards the members of the Board of Directors and towards the shareholders and the third parties, regarding the resolutions adopted in the relevant meeting.

12.
  - a. Every member of the Board of Directors who is present will be entitled to cast 1 (one) vote and in addition 1 (one) vote for every other members of the Board of Directors whom he/she represented.
  - b. Voting concerning an individual will be carried out by means of unsigned folded ballots, whereas voting concerning other matters will be carried out verbally, unless the Chairman of the meeting stipulates otherwise without any objection from those

present.

- c. Blank votes and void votes will be considered of not having been validly cast and will be considered non-existent as well as will not be taken into account in determining the total number of votes being cast.
13. The Board of Directors may also adopt valid resolution without convening the Meeting of the Board of Directors, provided that all members of the Board of Directors give their approval regarding the proposal presented in writing as well as execute the approval aforesaid.

The resolution adopted in such a manner will have the same force as a resolution validly adopted in the Meeting of the Board of Directors.

### **The Board of Commissioners**

#### **Article 15**

1. The Board of Commissioners consists of at least 2 (two) members of the Board of Commissioners and maximum of 7 (seven) of Board of Commissioners, one of them must be appointed as the President Commissioner. Further provisions regarding the total number, arrangement and composition of the members of the Board of Commissioners will refer to the statutory regulations in the Capital Market sector which stipulates regarding the Commissioners of the Depository and Settlement Institution.
2. The members of the Board of Commissioners will be appointed by the GMS from the candidates who are nominated and qualified in accordance with the statutory regulations in the Capital Market sector which stipulates regarding the Commissioners of the Depository and Settlement Institution.
3. The procedure for the nomination, election and appointment of the members of the Board of Commissioners will be carried out in accordance with the statutory regulations in the Capital Market sector which stipulates regarding the Commissioners of the Depository and Settlement Institution.
4. The expiry of the term of office of the Board of Commissioners of the Company must be stipulated differently from the expiry of the term of office of the Board of Directors of the



Company.

5. The term of office of the members of the Board of Commissioners shall be 4 (four) years starting as of their date of appointment up to the closing of the 4<sup>th</sup> (fourth) Annual GMS after their appointment and after the expiry of their term of office, the members of the Board of Commissioners who have served may only be reappointed for 1 (one) other term of office by fulfilling the requirements in accordance with the statutory regulations in the Capital Market sector which stipulates regarding the Commissioners of the Depository and Settlement Institution.
6. The members of the Board of Commissioners will be given honorarium and other benefits and or other facilities as stipulated by the GMS and in accordance with the statutory regulations in the Capital Market sector which stipulates regarding the Commissioners of the Depository and Settlement Institution.
7. The members of the Board of Commissioners may be suspended by the Financial Services Authority due to certain reasons and the Financial Services Authority may appoint the temporary members of the Board of Commissioners until the appointment of the new members of the Board of Commissioners by the GMS, in accordance with the statutory regulations in the Capital Market sector which stipulates regarding the Commissioners of the Depository and Settlement Institution.
8. In the event that due to any reason whatsoever, the offices of the members of the Board of Commissioners are vacant, then, within a period of at the latest 3 (three) months starting as of the relevant offices are vacant, must be convened the GMS to fill in the vacant offices aforesaid, unless stipulated otherwise by the Financial Services Authority and with due observance of the provisions of the statutory regulations in the Capital Market sector.
9. A member of the Board of Commissioners will be entitled to resign from his/her office by notifying in writing regarding his/her intention aforesaid to the Company at the latest 30 (thirty) days prior to the effective date of his/her resignation.
10. The term of office of members of the Company's Board of Commissioners ends automatically if:
  - a. losses his/her Indonesian nationality;

- b. is incompetent in performing legal action;
- c. is declared of being bankrupt or becomes the Commissioner or the Director who is found guilty or is co-perpetrator in causing a company to be declared of being bankrupt;
- d. is sentenced for committing criminal offenses;
- e. is permanently impeded; and/or
- f. the terms of office ends.

A member of the Board of Commissioners may be dismissed from his/her office by the Financial Services Authority if:

- a. does not have good character and moral value;
  - b. commits a contemptible act in the financial services sector;
  - c. commits a sufficiently material violation over the provisions of the statutory regulations in the financial services sector;
  - d. does not have commitment towards the development of the Company; and/or
  - e. fails or is incompetent in performing his/her duties.
11. Immediately after the effective date of the appointment of the members of the Board of Commissioners, then, every member of the Board of Commissioners must notify the Company in writing, their respective addresses and to which addresses the notification, correspondences from the Company must sent. Every change of address must be immediately notified to the Company in writing, to the extent that such notification has not yet been received, then, all notifications and correspondences to the relevant members of the Board of Commissioners must be sent to the addresses lastly recorded in the Company.
12. Unless approved by the GMS, all members of the Board of Commissioners will be prohibited to carry out businesses or occupy an office in other corporation or company with the same business in the Republic of Indonesia.

## **Duties and authorities of the Board of Commissioners**

### **Article 16**

1. The Board of Commissioners will carry out the supervision over the management policy of the Company and provide advices to the Board of Directors in accordance with the provisions of Article 108 in conjunction with Article 114 of the Company Law.
2. The President Commissioner or in the event that the President Commissioner is absent or impeded due to any reason whatsoever, of which impediment no evidence to the third party will be required, then, 1 (one) or more members of the Board of Commissioners will be entitled and authorized to act for and on behalf of the Board of Commissioners, one and other things with due observance of the resolution of the Board of Commissioners which has approved the action to be taken by the President Commissioner or one or more of the other members of the Board of Commissioners aforesaid.
3. The Board of Commissioners at any time during office hours of the Company will be entitled to enter the buildings and yards or other places used or controlled by the Company and will be entitled to examine all books, letters and other evidences, to examine and verify the cash position and other matters, as well as will be entitled to be informed of any actions which have been taken by the Board of Directors.
4. The Board of Directors and every members of the Board of Directors will be obliged to provide explanation regarding any matters inquired about by the Board of Commissioners.
5. The Board of Commissioners, at any time, will be entitled to suspend one or more members of the Board of Directors in accordance with the provisions of Article 106 of the Company Law.
6. The suspension aforesaid must be notified to the relevant individual in accordance with Article 106 of the Company Law.
7. The Board of Commissioners will be obliged to convene the GMS that will decide on whether the relevant member of the Board of Directors will be permanently dismissed or reinstated to his/her initial office in accordance with the provisions of Article 106 of the Company Law.

8. The provisions on the chairman of the GMS as referred to in Article 10 of the articles of association will be applicable mutatis mutandis to the GMS as referred to in paragraph 7 of this Article.
9. If the GMS is not convened within the period in accordance with the provisions of Article 106 of the Company Law, then, the suspension of the member of the Board of Directors as referred to in paragraph 5 of this Article will become null and void and the relevant individual will be entitled to reoccupy his/her initial office.
10. In the event that the Board of Commissioners carries out the management action over the Company in certain conditions and for a certain period of time, will be applicable the provisions of Article 118 paragraph (2) of the Company Law.
11. In the event that there is only one member of the Board of Commissioners, any duties and authorities given to the President Commissioner or the members of the Board of Commissioners in this articles of association will also be applicable to him/her.

### **Meeting of the Board of Commissioners**

#### **Article 17**

1. The meeting of the Board of Commissioners must be convened at least once in 1 (one) month or at any time if considered necessary by one or more members of the Board of Commissioners in accordance with the provisions of the statutory regulations in the Capital Market sector which stipulates regarding the Commissioners of the Depository and Settlement Institution.
2. The provisions as referred to in Article 14 will be applicable mutatis mutandis to the Meeting of the Board of Commissioners.

## **Work plan, financial year and annual report**

### **Article 18**

1. The Board of Directors will present the work plan which will also contain the Annual Budget of the Company and the Utilization of Profit of the Company for the subsequent year which has been approved by the GMS to the Financial Services Authority to obtain approval at the latest on the 5<sup>th</sup> (fifth) day of November with due observance of the statutory regulations in the Capital Market sector.
2. In the event that the Financial Services Authority rejects the Annual Budget of the Company and the Utilization of Profit of the Company aforesaid, the Board of Directors must make adjustment and request prior approval of the Board of Commissioners before resubmitting it to the Financial Services Authority.
3. The financial year of the Company will run from the 1st (first) day of January up to the 31<sup>st</sup> (thirty first) day of December. At the end of December each year, the books of the Company will be closed.
4. The Board of Directors will compose and provide the Annual Report in accordance with the provisions of Article 66, Article 67 and Article 68 of the Company Law and the provisions of the statutory regulations in the Capital Market sector.

### **Utilization of net profit**

#### **Article 19**

1. The Company can not distribute dividend to the shareholders.
2. The utilization of net profit of the Company will be stipulated by the GMS in accordance with the provisions of Article 70 of the Company Law.
3. The company can capitalize retained earnings into paid-up capital after obtaining the approval of the Company's shareholders and the Financial Services Authority and with due observance of statutory regulations in the Capital Market sector.

4. Capitalization of retained earnings as referred to in paragraph 3 is carried out by increasing the nominal value of the Company's shares and is exempted from the provisions referred to in paragraph 1.
  
5. The entire income of the Company will be used to support and improve the businesses as well activities of the Capital Market, among others, to administer the improvement of central Custodian services and the settlement of transactions in an orderly, fair and efficient manner, to improve the activities of Stock Exchange Transactions settlement in a safe overbooking manner, and develop depository security system, whose arrangement will be further stipulated in the Work Plan and Budget of the Company.

The Annual Budget and Profit Utilization Plan aforesaid may be implemented upon obtaining approval of the Financial Services Authority as well as with due observance of the statutory regulations in the Capital Market sector.

6. The reserve which has not yet been used to cover losses and the amount of the reserve which has exceeded 20% (twenty percent) of the issued and paid up capital, whose utilization has not yet been stipulated by the GMS, must be managed in the appropriate manner, in order that the reserve aforesaid gains profit according to the discretion of the Board of Directors, upon obtaining approval of the Board of Commissioners as well as with due observance of the statutory regulations.

### **Dissolution and liquidation**

#### **Article 20**

In the event that the Company is dissolved, must be carried out liquidation, in accordance with the provisions of Article 142, Article 143, Article 147, Article 148, Article 149, Article 150, Article 151, and Article 152 of the Company Law.

## **Miscellaneous provisions**

### **Article 21**

1. The shareholders of the Company must be subject to these articles of association and all amendments to these articles of association as well as every resolution validly adopted in the GMS. In the event that the articles of association does not stipulate it or stipulates matters which are contradictory to the provisions in the regulations in the Capital Market sector, then, will prevail the regulations in the Capital Market sector.
  
2. Any and all matters which are not or which are not yet sufficiently stipulated in these articles of association will be resolved in the GMS.

