



REGULATIONS UPDATE

November 2008 edition

As part of our legal services, Bahar & Partners is delighted to provide highlights of our legal updates, November 2008 edition, to our esteemed clients and friends. Our legal updates shall be named the "Regulations Update", which contains recent developments of various regulations in Indonesia, particularly in capital market practices following the global crisis situation.

We hope the Regulations Update shall be beneficial for the improvement of your business. For more details of our firm profile and other articles related to legal news, please kindly visit our website at: www.baharandpartners.com.

Highlights on Auto Rejection

SE-007/BEI.PSH/10-2008, 31 October 2008

"Limitation on the Highest or Lowest Offering Price on Shares inserted to JATS in Regular and Cash Markets."

This Circular Letter is an amendment of SE-004/BEI.PSH/10-2008 dated 12 October 2008 jo SE-006/BEI.PSH/10-2008 dated 15 October 2008, in order to adjust to the current market development. The price reference used to perform the auto rejection is the 'opening price' or, in the event that the opening price is not established, the closing price on the preceding day shall be used instead.

The Auto rejection (JATS) shall be performed if the offering price or the sale price of the shares:

- i) Is lower than Rp 50;
- ii) Is more than 20% above the reference price or more than 10% below the reference price.

Highlights on Buyback of Public Shares

Decree of Chairman of BAPEPAM-LK No. Kep-401/BL/2008, 9 October 2008

Buyback on Shares Issued by the Issuer or Public Companies during Potentially-Critical Market Condition may be possible due to the following reasons:

- i) Joint Shares Price Index at the Indonesian Stock Exchange undergoes a significant decline in the period of approximately 20 days due to the economic condition which fails to support reasonable movement of securities market price; and
- ii) May be systematic.

During the above market condition, a Buyback may be conducted without a prior GMS with the maximum buyback of 20% of the paid-up capital and may only be conducted in the maximum period of 3 months as of disclosure of information.



Shares which are subjected to buyback may be re-sold, both through the bourse and outside, provided that it meets the relevant requirements.

Highlights on LPS (Indonesia Deposit Insurance Corporation or Lembaga Penjamin Simpanan)

Government Regulation as Substitution of Law (Perpu) No. 3 of 2008 jo Government Regulation No. 66 of 2008, 13 October 2008

This Perpu is an amendment of the Law No. 24 of 2004. The value of insured savings for each customer in each bank, which was previously in the maximum amount of Rp.100,000,000 (one hundred million rupiah), pursuant to the Government Regulation No. 66 of 2008 has been amended to become in the maximum amount of Rp.2,000,000,000 (two billion rupiah).

Pursuant to Perpu No. 3 of 2008, the value of insured savings may be amended if one of the criteria below is met:

- i) In the event of simultaneous withdrawal of a significant amount banking funding;
- ii) In the event of significant inflation in a number of years;
- iii) In the event that the number of customers with secured savings become less than 90% of the number of depository customers in all banks; or
- iv) In the event of threat of crisis which may potentially bring about significant decrease of the public trust towards banking, and endanger the financial system.

Highlights on GWM (*Giro Wajib Minimum*)

Bank Indonesia Regulation No. 10/25/PBI/2008, 23 October 2008

This PBI 10/25 is an amendment of the previous PBI No. 10/19/PBI/2008 dated 14 October 2008. In anticipation of shortage of banking finance liquidity, banks are therefore obliged to meet the GWM in rupiah, in the amount of 7,5% from Third Party Funding or *Dana Pihak Ketiga* (DPK) consists of primary GWM of 5% which shall take an effect on 24 October 2008 and secondary GWM of 2,5% which shall take an effect on 24 October 2009.

Highlights on JPSK (*Jaring Pengaman Sistem Keuangan*)

Perpu No.4 tahun 2008, 15 Oktober 2008

JPSK aims to establish and maintain a finance safeguard system by way of preventing and handling crisis.

Prevention of crisis may be implemented on the followings:

- i) Banks experiencing liquidity difficulty which results in systemic impacts;
- ii) Banks experiencing solvability issues or failing to settle the emergency Financing Facility or FPD which further results in systemic impacts; and
- iii) LKBB experiencing liquidity and solvability issues which result in systemic impacts.



In light of the above, hence the establishment of KSSK (Finance System Stability Committee) which membership consists of the Minister of Finance as Chairman and Member, and Governor of BI as Member.

The Minister of Finance, Governor of BI, and/or any parties performing its duties in accordance with this Perpu may not be punished for making a decision or policy in line with its duties and obligations as stipulated in this Perpu.

Other new updated regulations

- Bank Indonesia Regulation No. 10/21/PBI/2008, 15 October 2008 regarding Amendment of PBI No. 4/9/PBI/2002 on Opened Market Operations.
- Bank Indonesia Regulation No. 10/20/PBI/2008, 15 October 2008 regarding Amendment of PBI No. 7/1/PBI/2005 on Bank Foreign Loan.
- Bank Indonesia Regulation No. 10/18/PBI/2008, 25 September 2008 regarding Restructurization of Financing for Syariah Bank and Syariah Business Unit.
- Bank Indonesia Regulation No. 10/17/PBI/2008, 25 September 2008 qq. SE No. 10/31/DpbS, 7 October 2008 regarding Amendment of PBI No. 9/19/PBI/2007 on Products of Syariah Bank and Syariah Business Unit.
- Bank Indonesia Regulation No. 10/16/PBI/2008, 23 September 2008 regarding Amendment of PBI No. 9/19/PBI/2007 on Implementation of Syariah Principles in Fund Collection Activity and Fund Distribution Activity and Syariah Bank Services.

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