

GUIDANCE FOR RATING AGREEMENT

(Regulation of the Financial Service Authorities Number 52/POJK.04/2015, dated December 23, 2015)

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

Considering:

- a. that following the enforcement of Law Number 21 Year 2011 on Financial Service Authorities, the function, task and authority to regulate and supervise financial service activities in the capital market sector, including stock rating company has been transferred from the Capital Market and Financial Institution Supervisory Board to the Financial Service Authorities since December 31, 2012;
- b. that in the framework of providing the clarity and certainty about the regulation of rating agreement, regulation regarding guidance for rating agreement issued before the establishment of the financial service authorities needs to be amended into a regulation of the Financial Service Authorities;
- c. that having regards to letter a and b, it is necessary to stipulate a regulation of the Financial Service Authorities on Guidance for Rating Agreement;

In view of:

1. Law Number 8 Year 1995 on Capital Market (Statute Book of the Republic of Indonesia Year 1995 Number 64 Supplement to Statute Book of the Republic of Indonesia Number 3608);
2. Law Number 21 Year 2011 on Financial Service Authorities (Statute Book of the Republic of Indonesia Year 2011 Number 111 Supplement to Statute Book of the Republic of Indonesia Number 5253);

D E C I D E S :

To stipulate:

THE REGULATION OF THE FINANCIAL SERVICE
AUTHORITIES ON GUIDANCE FOR RATING AGREEMENT

CHAPTER I GENERAL PROVISION

Article 1

Referred to in this regulation as:

1. Stock Rating Company shall be an investment advisor in the form of limited liability company undertaking rating activity and granting rating.

2. Rating shall be opinion about capability of fulfilling payment liabilities punctually by a party:
 - a. as entity (company rating); and/or
 - b. related to stock issued by the rated party (instrument rating).
3. Initial Rating shall be a result of rating by stock rating company not yet securing approval from the party asking for the rating and not yet published.

CHAPTER II

GUIDANCE FOR RATING AGREEMENT

Article 2

Stock rating company executing the rating on the basis of request from certain party shall be obliged to prepare a rating agreement with the party.

Article 3

Stock Rating Company asked by party to rate specified stocks and/or party issuing the specified stocks shall be obliged to prepare rating agreement containing at least the following information:

- a. name and address of stock rating company;
- b. name and address of the party asking for the rating;
- c. goal and objective of the rating;
- d. right and obligation of the stock rating company;
- e. right and obligation of the party asking for the rating;
- f. settlement period of the rating;
- g. cancellation and delay of the rating process;
- h. objection;
- i. secrecy;
- j. prohibition from informing the rating result;
- k. announcement of rating result;
- l. settlement of dispute; and
- m. termination of contract.

Article 4

- (1) The right of stock rating company as meant in Article 3 letter d shall contain at least the following matters:

- a. obtaining data and information required in the rating process, including site visit and meeting with related parties;
 - b. securing access to conduct site visit and/or inspection for activity and/or meeting with management of the party in the framework of obtaining the required information;
 - c. securing material additional information and/or explanation, namely additional information and/or explanation potential to influence result of initial rating, in the case of result of the initial rating being complained; and
 - d. publishing every rating issued to a rating object, unless otherwise:
 - 1. result of the initial rating has secured approval approval from party asking for the rating and/or the rated party; or
 - 2. stipulated by rating agreement as long as it does not contravene the legislation in force.
- (2) The obligation of stock rating company as meant in Article 3 letter d, shall contain at least the following matters:
- a. completing the rating in the time already agreed in rating agreement;
 - b. maintaining and preserving the secrecy of information related to the rating, which is confidential, unless otherwise in the framework of supervision by the Financial Service Authorities and/or other party in accordance with the legislation in force and/or in the interest of legal proceedings;
 - c. answering the response and objection submitted by party requesting the rating with regards of the rating result;
 - d. releasing initial rating after considering thoroughly the whole relevant, accurate and believable data and information;
 - e. making final decision on the rating after considering thoroughly the whole relevant additional information and explanation in the case of the rated party raising objection;
 - f. reviewing continually the published rating result and submitting the rating resulting from the review to the party requesting the rating as long as the rating agreement has not expired;
 - g. reviewing periodically the rating result as long as it is required by the legislation in force;
 - h. completing the review of the published rating result in the case of material fact or important incident being potential to influence the published rating result in no later than 7 (seven) days as from the date when the material fact or important incident is ascertained;
 - i. publishing result of the review as meant in letter g and letter h, without approval of the party requesting the rating and/or the rated party; and

- j. issuing new rating in the case of any change in the review process as meant in as meant in letter h or re-rating.

Article 5

- (1) Right of the party requesting the rating as meant in Article 3 letter e, to specified stocks and/or party issuing specified stocks shall contain at least the following matters:
 - a. obtaining result of the initial rating from stock rating company;
 - b. submitting objection in writing to stock rating company with regards to result of the initial rating in the case of additional material information and/or explanation being not yet disclosed previously; and
 - c. obtaining result of the rating in the time already agreed in rating agreement.
- (2) Obligation of the party requesting the rating to specified stocks and/or party issuing specified stocks shall contain at least the following matters:
 - a. submitting response in writing in the agreed time following the receipt of result of the initial rating as meant in Article 5 paragraph (1) letter a;
 - b. submitting the whole required data and information in the framework of the rating to stock rating company;
 - c. opening access for stock rating company to conduct site visit for activity and/or meeting with the party in the framework of obtaining the required information;
 - d. submitting additional material information and/or explanation in the case of objection being submitted to result of the initial rating;
 - e. submitting to stock rating company material information potential to influence result of the rating in no later than 2 (two) working days as from the finding of the material information or fact, in the case of the rated stock being issued through public offering; and
 - f. approving stock rating company to publish every rating issued to a rating object in rating agreement, except the result of the rating as meant in Article 4 paragraph (1) letter d.

Article 6

The completion period of the rating as meant in Article 3 letter f shall contain the following matters:

- a. the maiden rating process has to be completed in no later than 30 (thirty) working days as from the date when the rating agreement is agreed;
- b. the rating process in the framework of review because of material fact or important event potential to

- influence the published rating result has to be settled in no later than 7 (seven) working days as from the date when the material fact or important event is ascertained and the new rating result, statement or other opinion related to the rating result is submitted to the party requesting the rating in no later than 2 (two) working days as from the completion of the rating process; and
- c. the rating process in the framework of periodical review has to be settled in no later than 10 (ten) working days as from the periodical review and the rating result has to be published in no later than 2 (two) working days as from the completion of the rating.

Article 7

The cancellation and delay of the rating process as meant in Article 3 letter g shall contain the following matters:

- a. condition potential to cancel or delay the rating process; and
- b. the published rating may not be aborted.

Article 8

The objection as meant in Article 3 letter h shall contain the following matters:

- a. the objection submitted by party requesting the rating may only be submitted once for the maiden rating; and
- b. the rating after the objection process is final.

Article 9

The secrecy as meant in Article 3 letter i, shall contain the following matters:

- a. the secrecy of data and information related to the rating;
- b. everybody knowing the rating result by method not contravening the law is obliged to keep the secrecy of the rating result from other party before the rating result is published; and
- c. the secrecy of data and information related to the rating and result of the rating do not apply in the framework of supervision by Bapepam and LK and/or other party in accordance with the legislation in force and/or in the interest of legal proceedings.

Article 10

The prohibition from informing rating result as meant in Article 3 letter j, shall be obliged to contain a

provision that everybody knowing the rating result by method not contravening the law shall be prohibited from informing the rating result to other party before the rating result is published.

CHAPTER III

PENAL PROVISION

Article 11

- (1) Without reducing the penalty in the field of the capital market, the Financial Service Authorities shall be authorized to impose administrative sanction on every party violating the provision in this regulation of the Financial Service Authorities, including the parties causing the violation to occur, in the form of:
 - a. written warning;
 - b. fine, namely obligation to pay a specified amount of money;
 - c. restriction of business activity;
 - d. freezing of business activity;
 - e. revocation of business activity;
 - f. nullification of approval; and
 - g. nullification of registration.
- (2) The administrative sanction as meant in paragraph (1) letter b, letter c, letter d, letter e, letter f, atau letter g dapat shall be imposed with or without preceeding by the imposition of the administrative sanction in the form of the written warning as meant in paragraph (1) letter a.
- (3) The administrative sanction in the form of fine as meant in paragraph (1) letter b may be imposed separately or simultaneously with the administrative sanction as meant in paragraph (1) letter c, letter d, letter e, letter f, atau letter g.

Article 12

Besides the administrative sanction as meant in Article 11 paragraph (1), the Financial Service Authorities may take certain action against party violating the provision in this regulation.

Article 13

The financial service authorities may announce the imposition of the administrative sanction as meant in Article 11 paragraph (1) and the certain action as meant in Article 12 to communities.

CHAPTER IV

CONCLUSION

Article 14

With the enforcement of this regulation, Decision of the Head of the Capital Market and Financial Institution Supervisory Board Number Kep-152/BL/2009 dated June 22, 2009 on Guidance for Rating Agreement along with Regulation Number V.H.4 which constitutes attachment thereto shall be revoked and declared null and void.

Article 15

The regulation of the Financial Service Authorities shall come into force on the date of promulgation.

For public cognizance, the regulation shall be promulgated by placing it in Statute Book of the Republic of Indonesia.

Stipulated in Jakarta

On December 23, 2015

THE CHAIRMAN OF THE BOARD OF COMMISSIONERS OF THE FINANCIAL SERVICE AUTHORITIES

sgd.

MULIAMAN D. HADAD

Promulgated in Jakarta

On December 29, 2015

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

sgd

YASONNA H. LAOLY

STATUTE BOOK OF THE REPUBLIC OF INDONESIA

YEAR 2015 NUMBER 403

ELUCIDATION
ON
REGULATION OF THE FINANCIAL SERVICE AUTHORITIES
NUMBER 52/POJK.04/2015
REGARDING
GUIDANCE FOR RATING AGREEMENT

1. GENERAL

That since December 31, 2012, function, task and authority to regulate and supervise financial service activities in the capital market, insurance, pension funds, financing institution and other financial service institutions sector have been transferred from the Minister of Finance and the Capital Market and Financial Institution Supervisor Board to the Financial Service Authorities.

In relations thereto, it is necessary to re-arrange the structure of the existing regulation, especially for regulation related to the capital market sector by converting the regulation of Bapepam and LK related to the capital market sector into regulation of the Financial Service Authorities. The arrangement is intended so that the regulation of the Financial Service Authorities related to the capital market sector is harmonious with other sectoral regulation of the financial service authorities.

Based on the background of the idea and aspect, it is necessary to convert regulation of Bapepam and LK, namely Regulation Number V.H.4, Attachment to Decision of the Head of Bapepam and LK Number Kep-152/BL/2009 on Guidance for Rating Agreement dated June 22, 2009.

II. ARTICLE BY ARTICLE

Article 1 up to Article 15

Sufficiently clear

SUPPLEMENT TO STATUTE BOOK OF THE REPUBLIC OF INDONESIA
NUMBER 5821

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