



## **CLSA SECURITIES DEALING SERVICES: INDONESIA MARKET ANNEX**

### **1. Definitions and Interpretation**

- 1.1 In this Securities Dealing Services: Indonesia Market Annex, including the Schedule, capitalised terms have the meaning given to them in the "CLSA Asia-Pacific Terms of Business" (the "**Terms of Business**") and the Securities Dealing Services Annex. In addition, the following capitalised terms have the following meaning:

"**Bapepam-LK**" means the Indonesia Capital Market and Financial Institutions Supervisory Agency.

"**Development Board**" means the board for trading provided by Indonesia Exchange which is intended for companies that are unable to meet the requirements of the Main Board.

"**Indonesia Capital Market Law**" means the Capital Market Law and other prevailing laws and regulations relating to the capital markets in Indonesia, including Bapepam-LK rules.

"**Indonesia Exchange**" means the Indonesia Stock Exchange.

"**KPEI**" means the Indonesia Clearing and Guarantee Institution.

"**KSEI**" means the Indonesia Central Securities Depository.

"**Main Board**" means the main board for trading provided by Indonesia Exchange which is provided for Securities with substantial size and track record.

"**Securities**" means, in respect of all transactions in the Indonesia Market and to the exclusion of the definition of such term in the Terms of Business, promissory notes, commercial papers, shares, bonds, debentures, participation units of collective investment agreement, futures contracts on securities and any derivatives of securities, such as warrants and options.

- 1.2 This Securities Dealing Services: Indonesia Market Annex is referred to herein as "this Annex".
- 1.3 References in this Annex to "we", "us" and "our" mean, unless the context otherwise requires, CLSA and where the context requires will also include any company in the CLSA Group, or persons connected with the CLSA Group.

### **2. Effect of Terms of Business; Amendment**

- 2.1 This Annex shall apply to you if (a) you requested in your Application Form that we provide you with Securities Dealing Services and requested that such Securities Dealing Services be provided in respect of the Indonesia Market; or (b) we currently provide you with Securities Dealing Services in respect of the Indonesia Market.

- 2.2 The terms and conditions set out in this Annex shall apply to all Securities Dealing Services in the Indonesia Market provided by us to you in addition to, and supplemental to, the terms and conditions set out in the Terms of Business and in the Securities Dealing Services Annex. Accordingly, the terms and conditions in this Annex are legally binding and take effect when you signify your acceptance by placing an order for Securities in the Indonesia Market with us following your receipt of our Terms of Business, the Securities Dealing Services Annex and this Annex.

### **3. Short Selling**

- 3.1 Without limitation to your obligations under the Terms of Business and the Securities Dealing Services Annex, for every transaction in Securities in the Indonesia Market, you will inform us if that trade is a short selling order prior to or at time of the order. You accept responsibility for any obligation arising out short position and debit balance in your Securities account after the settlement of your transaction is made.
- 3.2 You shall settle your obligations to us in respect of a short selling order within the period and in the manner determined by us. Furthermore, if you fail to perform your obligations to us within such period or in such manner, we are entitled to sell any or all Securities owned by you and held in your Securities Account(s), to purchase Securities with funds in your Securities Account(s) and/or to use any sale proceeds of such Securities to purchase Securities to cover your short position (debit balance).
- 3.3. With regard to Clause 3.2 above, if the proceeds of sale of all or any Securities in your Securities Account(s) together with any funds available in your Securities account(s) is insufficient to cover any debit balance of funds and/or Securities arising from your short position, you are obliged to make full payment of any deficiency when we request it.

### **4. Securities Positions and Reporting Limits**

The Indonesia Capital Market Law has prescribed certain trading limits, ownership and disclosure requirements on Securities that may be owned, held or controlled by a person and require such person holding or controlling a reportable position to notify the Bapepam-LK and relevant Exchanges. You may need to take legal advice regarding your obligations thereunder. You acknowledge that it is your responsibility to observe such position limits, to monitor your ownership or holdings and to make reports where applicable.

### **5. Securities and Funds in Securities Account**

- 5.1 You acknowledge that Securities and funds in your Securities Account(s) can be used as collateral for settlement of your liabilities to us.
- 5.2. You acknowledge that we have rights to purchase Securities for the account of your Securities Account(s), in order to cover any short position you may hold.
- 5.3. You acknowledge that we may request funds or Securities from you prior to executing any Securities transaction.

- 5.4. You acknowledge that any funds and Securities in your Securities Account(s) may be deposited in a Securities account with a licensed custodian bank or with KSEI in our name for your interests, provided that there is a record in such Securities account at the licensed custodian bank or at KSEI that the funds and Securities concerned are owned by you.
- 5.5. You acknowledge that when your Securities Account shows a negative (debit) balance, we may use any Securities held in your Securities Account as collateral for a loan from a bank or other financial institution to clear such debit balance.
- 5.6. Upon written receipt from you, we shall provide you with reports showing your Securities Account(s) balance with us and/or comparison between the balance recorded in your Securities Account(s) with us and your Securities Account(s) with KSEI in our name for your interests.

## **6. Agent**

You acknowledge that in the event you are acting as an agent which obliges to convey your clients order to us (whereby you are not a member of an Indonesia Exchange), you must enter into an agency agreement with us as a member of such Indonesia Exchange.

## **7. Settlement**

You acknowledge that when a transaction occurs, delivery and payment must be settled through KSEI and KPEI and you fully understand the settlement requirements including, but not limited to, transaction fees incurred at an Indonesia Exchange.

## **8. Compliance**

- 8.1. Without limiting your obligations to at all times comply with the Market Requirements, you acknowledge that all Securities activities in the Indonesia Market shall be subject to the laws, rules, regulations, articles of association, customs, usages, rulings, practices and relevant interpretations thereof, from time to time in force, of Bapepam-LK, any relevant Exchange, KSEI and/or KPEI. In this regard, you might be required to deliver other documents or enter into additional agreements detailing your rights and obligations.
- 8.2. You represent and warrant that you comply with, and will at all times in the future comply with, any Market Requirements of the Indonesia Market, including (without limitation) the Indonesia Anti Money Laundering Law.

## **9. Know Your Client Principle**

- 9.1. If you act for and on behalf of another party to open an account, you must provide us with the supporting documents as required by the Bapepam-LK rule on Know Your Client Principle as well as details of the legal relationship, engagement, and authority to act for and on behalf of the other party concerned.

- 9.2 If you are a domestic securities company, mutual fund manager or custodian bank, the provisions of Clause 9.1 may be satisfied by the receipt by us of a written statement that you have obtained, verified and identified from your clients the supporting documents required by the Bapepam-LK rule on Know Your Client Principle.
- 9.3 If you are a foreign securities company, mutual fund manager or custodian bank which applies 'know your client' principles similar to the Bapepam-LK rule on Know Your Client Principle, the provisions of Clause 9.1 may be satisfied by the receipt by us of a written statement that you have obtained, verified and identified from your clients the supporting documents required by the Bapepam-LK rule on Know Your Client Principle.

#### **10. Termination**

You and we hereby expressly waive Articles 1266 and 1267 of the Indonesia Civil Code to the extent necessary to effect the termination of our services in accordance with terms thereof.

#### **11. Power of Attorney**

You hereby confirm that you grant us power of attorney to perform any activities or actions for your benefits and interests in relation to Security Dealing Services and Custody Services in accordance with the Indonesia Capital Market Law.

We will act in accordance with the power of attorney granted by you to us for the purposes of opening of a Securities Account with KSEI in our name for your interests.

#### **12. Risk Disclosure Statement**

You have confirmed (whether in the Application Form or otherwise) that you acknowledge and confirm that the terms and conditions applicable to the Services and the risk disclosure statements in the "Risk Disclosure Statement Schedule" to this Annex are and have been fully explained to you in a language that you understand and that you have read and understood them.

**- End -**



## **Securities Dealing Services: Indonesia Market Annex Risk Disclosure Statement Schedule**

This Risk Disclosure Statement Schedule does not disclose all of the risks and other significant aspects of trading in Securities. In light of the risks, you should be aware and undertake such transactions only if you fully understand the nature and fundamentals of the transactions or contracts (and contractual relationships) including terms and conditions for such transaction and the market underlying such transaction into which you are entering and the extent of your exposure to risk. You should carefully consider whether trading is appropriate for you in light of your specific experience, your financial objectives, resources and other relevant circumstances. Please read this Schedule carefully, and ask questions and take independent advice as you consider appropriate.

### **Securities Risk Disclosure Statement**

- You acknowledge that the price of Securities can and does fluctuate, sometimes dramatically, and that the price of any individual Security may experience downward movements, and may become valueless. You appreciate therefore that it is as likely that losses will be incurred rather than profit made as a result of buying and selling securities. This is a risk that you are prepared to accept.
- You acknowledge that there are risks in leaving Securities in our custody or in authorising us to deposit Securities as collateral for loans or advances made by us or authorising us to borrow or loan Securities and you confirm that you are prepared to accept such risk notwithstanding that in these circumstances you face the risk of loss of such Securities.
- You acknowledge and fully understand that the potential risk of loss in trading futures contracts and options on Securities or Securities indices is substantial. You should therefore study and understand such futures contracts and options before you enter into any transactions in relation thereto and you should carefully consider whether such trading is suitable in light of your own financial position and investment objectives.

### **Electronic Communication and Trading System Risk Disclosure Statement**

- You understand that the electronic communication systems (including the internet) may not be a reliable medium of communication due to unpredictable traffic congestion or other reasons and that such unreliability is beyond our control. This may give rise to situations, including delays, in transmission and receipt of your instructions or other information, delays in execution or execution of your instructions at prices different from those prevailing at the time your instructions were given, misunderstanding and errors in any communication between you and us and so on. Whilst we will take every possible step to safeguard our systems, client information, accounts and assets held for the benefit of our clients, you accept the risk of conducting transactions via electronic communication systems.
- Electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. You understand that your ability to recover certain

losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member or participant firms. Such limits may vary: you understand that you should ask us for details in this respect.

- Trading on an electronic trading system may differ from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you understand that you will be exposed to risks associated with the system including the failure of hardware and software. You understand that the result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.

#### **Development Board Risk Disclosure Statement**

- You understand that there may be risks arising out of the emerging nature and business sectors of companies listed on the Development Board.
- You are aware of the potential risks of investing in such companies and understand that you should make the decision to invest only after due and careful consideration. You understand the greater risk profile and other characteristics of the Development Board mean that it is a market more suited to professional and other sophisticated investors.
- Given the emerging nature of companies listed on the Development Board, you understand there is a risk that Securities traded on the Development Board may be susceptible to higher market volatility compared to Securities traded on the Main Board and no assurance is given that there will be a liquid market in the Securities traded on the Development Board.
- You acknowledge that this risk disclosure statement does not purport to disclose all the risks and other significant aspects of the Development Board. You understand that you should undertake your own research and study on the trading of Securities on the Development Board before commencing any trading activities.
- You understand that you should seek independent professional advice if you are uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of Securities on the Development Board.

#### **Client Assets Received or Held Outside Indonesia Risk Disclosure Statement**

- Client assets received or held by the licensed person or registered outside Indonesia are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the Indonesia prevailing laws and regulations made thereunder. Consequently, such client assets may not enjoy the same protection as that conferred on client assets received or held in Indonesia.

**- End -**