

**PROVISIONS ON
THE OPERATION OF FORWARD AUCTION MARKET OF AGRO COMMODITIES**
(Decree of the Minister of Industry and Trade No. 650/MPP/Kep/10/2004 dated October 18, 2004)

THE MINISTER OF INDUSTRY AND TRADE,

DECIDES :

Considering:

- a. that in the framework of supporting the acceleration of economic growth in the industry and agro-trade sectors, efforts to develop business climate conducive to creation of efficient trade in agro commodities are needed;
- b. that in relation to the matter in letter a, it is necessary to develop forward auction market of agro commodities as a marketing instrument which is transparent, just and dignified by regulating the operation of the auction market;
- c. that for the purposes, it is necessary to stipulate a decree of the Minister of Industry and Trade;

In view of:

1. Law No. 22/1999 (BN No. 6361 pages 1A - 5A and so on) on regional administration (Statute Book of 1999 No. 60, Supplement to Statute Book No. 3839);
2. Government Regulation No. 25/2000 (BN No. 6471 pages 19A - 20A and so on) on the authority of the government and the authority of provinces as autonomous regions (Statute Book of 2000 No. 54, Supplement to Statute Book No. 3952);
3. Presidential Decree No. 228/M/2001 (BN No. 6650 pages 29A - 30A) on the establishment of the Mutual Cooperation Cabinet;
4. Presidential Decree No. 102/2001 on the status, tasks, functions, authority, organizational structures and working arrangements of ministries;
5. Presidential Decree No. 109/2001 on first-echelon organizational units and tasks of ministries;
6. Decree of the Minister of Industry and Trade No. 86/MPP/Kep/3/2001 on the organization and working arrangement of the Ministry of Industry and Trade;

To stipulate:

THE DECREE OF THE MINISTER OF INDUSTRY AND TRADE CONCERNING PROVISIONS ON THE OPERATION OF FORWARD AUCTION MARKET OF AGRO COMMODITIES.

CHAPTER I

GENERAL PROVISION

Article 1

Referred to in this decree as:

1. Organizer of Forward Auction Market is business entity or provincial/regental/municipal service in charge of trade, which operates activities of forward auction market.
2. Forward Auction Market is a mean where buyers and sellers met by using an auction system with forward delivery.
3. Members of Forward Auction Market are members of forward auction market of agro commodities securing approval from the organizer of forward auction market.
4. Clearing and Underwriting Institution is business entity registering and underwriting the settlement of transactions taking place on the forward auction market.
5. Delivery Period is a period of delivery of goods used as the basis in executing transactions on the forward auction market, which, by the transaction for a period of settlement, means that the transacted contracts must be realized in the period.
6. Sample is sample of commodities with certain specification, which are offered on the forward auction market.
7. Guarantee Fund is a certain amount of money placed by members of forward auction market in clearing

and underwriting institution as guarantee for settlement of transaction of every quantity of commodities traded by an auction system.

8. Auction Days are working days stipulated specially by organizer of forward auction market as days when the auction activities are executed.

9. Working Days are days other than Sunday and other holidays stipulated by the government.

10. Auction Hour is a period of time when auction transactions as stipulated by organizer of forward auction market are executed.

11. Commodities are commodities already stipulated by organizer of forward auction market as commodities traded on the forward auction market.

12. Physical trade is physical trade of commodities by auction system with the promptly physical delivery (spot) and/or some time later (forward).

13. Delivery is delivery of commodities physically into the power of any of the transacting parties as a consequence of settlement of contract.

14. Trade broker is member of forward auction market, which based on the provisions, entitles to receive mandate from the third party/principal by obtaining service fee.

Article 2

The Futures Commodity Trade Supervisory Board, hereinafter called Bappebti fosters, regulates and supervise the implementation of activities of forward auction market of agro commodities.

Article 3

In executing the provision as meant in Article 2, Bappebti is authorized:

- a. to make further technical provisions and explanation about the implementation of this decree;
- b. to approve organizer of forward auction market and clearing and underwriting institutions;

- c. to direct organizer of forward auction market to take necessary measures if certain conditions are believed potential to make the implementation of forward auction market disorderly and irregular;

- d. to monitor and evaluate activities of organizer of forward auction market, clearing and underwriting institutions and market players;

- e. to approve standard operating procedures stipulated by organizer of forward auction market and clearing and underwriting institutions;

- f. to take necessary measures to prevent violation of this decree from inflicting loss on communities.

Article 4

Every party organizing activities of forward auction market of agro commodities and clearing and underwriting institutions are obliged to abide by the provisions as regulated in this decree.

CHAPTER II

INSTITUTION AND COMMITTEE

Article 5

Forward auction market is established to organize transactions of commodities through an auction system with forward delivery orderly, reasonable, efficient and transparent as well as just.

Article 6

The forward auction market can be organized by business entity or provincial/regental/municipal service in charge of trade, after securing approval from Bappebti.

Article 7

(1) Every organizer of the forward auction market must establish an organizational structure minimally consisting of:

- a. Chairman of Auction;
- b. Transaction Operation Division;
- c. Transaction Supervision and Settlement Division;
- d. Administration and Membership Division.

(2) The organizer of the forward auction market as meant in paragraph (1) is assigned and authorized:

- a. to prepare facilities and infrastructure for the operation of forward auction market;
- b. to stipulate place and date of implementation, specification of commodities and auction session;
- c. to evaluate and test qualification of candidates as well as accept or reject the candidates to become members of the forward auction market;
- d. to monitor price developments on the spot market, together with clearing and underwriting institutions;
- e. to stipulate the amount of deposit of members and operational cost of service for auction;
- f. to supervise the settlement of transaction contracts of members occurring on the forward auction market periodically and any time, if necessary;
- g. to take necessary action to safeguard transactions of forward auction market, including to prevent the possibilities of manipulation of price and quality of commodities;
- h. to stipulate the mechanism of settlement of complaints and disputes in connection with transactions of forward auction market;
- i. to take measures to guarantee the implementation of mechanism of transactions of forward auction market; and
- j. to send record of data on daily transactions and data on settlement of transactions as well as transaction orders not yet matching to clearing and underwriting institutions and Bappebti.

Article 8

(1) Organizers of forward auction market are obliged to cooperate with clearing and underwriting institutions to assure the settlement of transactions.

(2) The clearing and underwriting institutions as meant in paragraph (1) must:

- a. be business in the form of limited liability company and have secured approval from Bappebti;
- b. have an organizational structure minimally consisting of the following divisions:
 1. clearing and settlement;
 2. risk control;
 3. information technology, accountancy and financial affairs; and
 4. audit and compliance.

Article 9

The clearing and underwriting institutions have the following tasks:

- a. to ascertain that daily clearing operational activities are implemented in accordance with the provisions in force;
- b. to stipulate requirements, accept or deny prospective members of underwriting;
- c. to stipulate requirements for underwriting members;
- d. to stipulate guarantee fund, clearing service fee and cost of underwriting of settlement of transactions;
- e. to ask and obtain necessary information from organizers of forward auction market in connection with transactions carried out by underwriting members;
- f. to take measures to ensure the proper implementation of mechanism of clearing and underwriting of transactions of forward auction market;
- g. to take certain actions deemed necessary in connection with the failure of underwriting members in maintaining the financial requirements already stipulated or fulfilling maturing liabilities to the clearing and underwriting institutions;
- h. to take actions that they consider feasible or necessary to ascertain and uphold compliance to rules and disciplinary provisions of the clearing and underwriting institutions; and
- i. to undertake audit or ask other parties to audit, examine records of underwriting members any time and organize hearing with underwriting members in connection with compliance of clearing members to rules and disciplinary provisions of the clearing and underwriting institutions;

Article 10

In order to help implement the forward auction market, organizers of forward auction market can establish:

- a. commodity

- a. commodity committee;
- b. auction and membership committee; and
- c. Arbitration committee.

Article 11

- (1) The commodity committee as meant in Article 10 letter a is assigned to help the organizers of forward auction market formulate standard specifications of every commodity already and to be traded on the forward auction market.
- (2) The members of the commodity committee as meant in paragraph (1) consist of practitioners understanding the said commodity business.
- (3) The standard specifications of the commodity as meant in paragraph (1) include:
 - a. kind;
 - b. origin;
 - c. size;
 - d. quality;
 - e. supervision;
 - f. maximum deadline; and
 - g. place of delivery.

Article 12

- (1) The auction and membership committee as meant in Article 10 letter b has the task of assisting in the auction operation, membership divisions as well as helping settle disputes arising from trading activities.
- (2) The members of the auction and membership committee as meant in paragraph (1) consist of members of business communities understanding the system, operational mechanism, ruled and membership of forward auction market as well as the law in force.

Article 13

The arbitration committee as meant in Article 10 letter c is assigned to help organizers of forward auction market facilitating the settlement of disputes between members of forward auction market, which cannot be settled by deliberation and/or mediation/conciliation.

CHAPTER III MEMBERSHIP

Article 14

- (1) Members of the forward auction market consist of:
 - a. farmers/producers;
 - b. farmer/business groups;
 - c. cooperatives;
 - d. traders;
 - e. manufactures;
 - f. industries;
 - g. department stores;
 - h. exporters; or
 - i. Trade brokers.
- (2) In order to secure membership in the forward auction market, the following requirements must be fulfilled:
 - a. Being individual Indonesian citizen, companies in the form of limited liability company, firms or national business entities in the form of statutory body;
 - b. Domiciled or located in Indonesia;
 - c. Having good reputation and integrity in business; and
 - d. Remitting membership guarantee with the amount and procedures stipulated by organizer of forward auction market in a separate regulation.
- (3) Besides fulfilling the requirements as meant in paragraph (2), individual trade brokers or business entities must have experts in the agro commodity trade sector.

Article 15

- (1) In order to secure membership in the forward auction market, applicants must submit applications to organizers of forward auction market by using:
 - a. Form No. 1 and Form No. 1A as meant in Attachment 1 to this decree, in the case of the applicants being companies;
 - b. Form No. 2 and Form No. 2A as meant in Attachment II to this decree, in the case of the applicants being individuals.
- (2) The applicants as meant in paragraph (1), coming from:
 - a. producing farmers (seller) must enclose recommendation from local regental/municipal agriculture service;
 - b. traders

- b. traders, manufacturers, exporters (buyers) must enclose recommendation from local regional/municipal industry and trade service.
- (3) The auction and membership committee examines every application and stipulates day as well as date of interview with the prospective members.
- (4) The organizer of the forward auction market conveys approval or rejection of member of forward auction market to the applicants through a decision.

Article 16

- (1) In the case of applicants fulfilling the requirements, organizers of forward auction market issues a decision on membership of the forward auction market by using Form No. 3 as meant in Attachment III to this decree.
- (2) Applicants already receiving the membership decision as meant in paragraph (1) are given Membership Identity after the applicants sign statement of readiness to abide by the provisions in force.
- (3) Certificate of the membership identity of the forward auction market as meant in paragraph (2) is effective nationally as long as the relevant is active in activities of forward auction market.
- (4) If the certificate of the membership identity being lost or damaging, the organizers of forward auction market give substitute.

Article 17

Rights and obligations of members of the forward auction market are as follows:

- a. members of forward auction market entitle:
 1. to obtain equal treatment and protection from organizers of forward auction market;
 2. to obtain market information collected by organizers of forward auction market;
 3. to receive mandate from their principals in the country and abroad, in the case of members acting as trade brokers; and
 4. to appoint parties representing their companies to execute transactions on the forward auction market.

- b. members of forward auction market are obliged:
 1. to abide by and uphold discipline, code of conduct as well as the provisions in force on the forward auction market;
 2. to undertake orderly and regular administration of the executed transactions;
 3. to meet financial obligation as members and remit guarantee fund as underwriting members;
 4. to give testimony in settlement of disputes arising from, if organizers of forward auction market asks;
 5. to hold responsibility for negligence, mistake and violation of the provisions in force on the forward auction market; and
 6. to implement mandate in accordance with orders of their principals, in the case of members acting as trade brokers.

Article 18

The membership of the forward auction market expires if:

- a. the relevant passes away, in the case of individuals;
- b. the relevant is declared by organizers of the forward auction market default;
- c. the relevant resigns by a written statement;
- d. the relevant is sentenced by the court for a crime that the organizers consider potential to affect the forward auction market; or
- e. the relevant does not undertake activity of forward auction market for one year.

Article 19

- (1) The deposit and guarantee money of members are returned if the membership expires on the basis of the provision in Article 18.
- (2) The return of the money as meant in paragraph (1) is paid to the relevant or legitimate heirs in the case of individual members passing away, after being subtracted by liabilities becoming their responsibility.

CHAPTER IV FINANCIAL OBLIGATION

Article 20

Every member of the forward auction market is obliged to pay:

- a. Deposit of member and operational cost of service for the forward auction market with the amount stipulated by the organizers;
- b. guarantee fund and clearing and underwriting service fee with the amount stipulated by clearing and underwriting institutions.

Article 21

- (1) The deposit of member as meant in Article 20 letter a is paid to the organizer of forward auction market when the relevant is accepted as member and used for fulfilling liabilities of members not yet settled.
- (2) The management of the deposit of members as meant in paragraph (1) is done by organizers of the forward auction market separately from assets of the organizers and saved at banks appointed by the organizer.

Article 22

- (1) The guarantee fund as meant in Article 20 letter b is paid to the clearing and underwriting institutions when the transaction contracts are registered at the clearing and underwriting institutions to obtain underwriting facilities.
- (2) The management of the guarantee fund as meant in paragraph (1) is done by the clearing and underwriting institutions separately from assets of the clearing and underwriting institutions and saved at banks appointed by the clearing and underwriting institution.

CHAPTER V

MECHANISM OF TRANSACTION

Article 23

Selling and buying bids on the forward auction market are executed openly on the basis of samples and/or specifications of quality.

Article 24

- (1) Every member of the forward auction market can:
 - a. take part directly as seller, buyer and/or trade bro-

ker with the provision that the relevant is still committed to the provisions in force; and

- b. authorize other parties to undertake transactions on the forward auction market with the approval of the organizer of the forward auction market.

- (2) The grantor of authority as meant in paragraph (1) letter b is responsible fully for every action of the proxy in executing transactions on the forward auction market.

Article 25

- (1) Members of the forward auction market register commodities to be auctioned to officers in accordance with the form of registration provided for that, before the auction, not later than 3 (three) days before the auction.
- (2) Specifications of commodities to be traded must be specified completely and clearly in the provided form.
- (3) If sellers/buyers attach samples of commodities, the samples must be conveyed simultaneously upon the registration as many as 2 (two) units.
- (4) The registration form already completed and signed is conveyed to auction administration officer for examining and giving initial.
- (5) In accordance of with the registration as meant in paragraph (4), auction officer (operator) inserts data on buying/selling bids into the electronic system of the forward auction market.
- (6) Auction administration officer examines registration already inserted into the system in accordance with serial numbers of registration.
- (7) Auction is executed on the basis of serial numbers adjusted to the presence of auction members.
- (8) In the case of several registrations having the same commodities, kinds/quality and delivery month, the auction chairman organize auction in lump sum for all registrations.

Article 26

- (1) The auction chairman mentions again price, unit, quantity, kind, quality, origin of good and time and place of delivery, packaging and buying and selling bids, which are registered.
- (2) In the case of the repeated pronouncement as meant in paragraph (1) containing mistakes, the affected parties can ask for re-checking:

Article 27

- (1) The price, unit, quantity, kind, quality, origin of goods, time and place of delivery, packaging and buying and selling bids mentioned by bidders are repeated again by the auction chairman.
- (2) If the repeated pronouncement by the auction chairman as meant in paragraph (1) containing mistake, bidders can raise objection directly to the auction chairman for rectification.

Article 28

Based on every transaction, the auction chairman re-affirms the occurring transaction by mentioning participant no of seller and buyer, price, commodity and the quantity of the occurring transactions.

Article 29

In the case of the electronic system not working or facing other technical failure, organizers of forward auction market can suspend the implementation of forward auction market or continue it manually.

Article 30

Not later one hour after the transaction is declared occurring, seller and buyer are obliged to sign transaction contract by referring the example as meant in Attachment IV to this decree and give it to the auction organizer.

Article 31

- (1) Auction organizer is obliged to register the transaction contract of commodities as meant in Article 30 to clearing and underwriting institution by giving up a copy, not later than one working day after the transaction.

- (2) The copy of the transaction contract as meant in paragraph (1) has the same legal power as the original one.

Article 32

- (1) Auction day and hour are every working day or time already stipulated by organizer of forward auction market.
- (2) Every auction is organized in 2 (two) sessions respectively as follows:
 - a. Morning Session : 09.00 - 12.00;
 - b. Afternoon Session : 13.00 - 16.00 or
 - c. Other time in accordance with the need stipulated by organizer of forward auction market.

Article 13

- (1) The offered price is recorded and denominated in the Rupiah.
- (2) The price mentioned in transaction contract of commodities, including variation of price is based on variation of quality and cannot be changed by seller or buyer until the settlement of transaction.

Article 34

- (1) The delivery period of commodities in auction is weekly and monthly or other period agreed.
- (3) The delivery period of commodities as meant in paragraph (1) is maximally 6 (six) months to come.

Article 35

- (1) Commodities, which can be transacted on the forward auction market are not limited.
- (2) Specifications of quality of the transacted commodities are specified in writing and part inseparable from the transacting contract.

Article 36

The delivery can be done in warehouses of seller or buyer or place agreed by the seller and buyer.

Article 37

Auction is executed as follows:

- a. auction is led by auction chairman or alternate auction chairman, assisted by auction officers;
- b. the auction chairman opens auction officially;
- c. based on the registration data appearing in screen, the auction chairman ascertains sellers or buyers about commodities, kinds/quality, origin of goods, time and place of delivery, quantity and price to be transacted;
- d. after the auction chairman disclosed the data as meant in letter c, auction participants can submit the expected buying or selling bids by mentioning the price and quantity, quality, time and place of delivery etc;
- e. auction participants are not permitted to mention the price and quantity of transaction before the auction chairman completed the disclosure of the data as meant in letter c;
- f. the auction chairman opens opportunity in three times count, if the buying and selling bids not matching, the auction chairman mentions transaction nil transaction and later can open next opportunity;
- g. the auction chairman mentions transaction occurs if sellers and buyers reach agreement on all transacted matters;
- h. the auction chairman must open opportunity for sellers and buyers to bargain so as to result in the best transaction; and
- i. every transaction occurs, sellers and buyers are obliged to sign transaction contract.

Article 38

- (1) Every selling or buying price and quantity occurring on the forward auction market is recorded by auction officer (operator) by the available computer system.
- (2) Organizers of forward auction market are obliged to keep the record as meant in paragraph (1) for 10 (ten) years at the minimum.

Article 39

Organizers of forward auction market are obliged:

- a. to convey confirmation about selling - buying transaction of commodities already occurring on the forward auction market to sellers and buyers; and
- b. to convey information on rights and obligations of every buyer and seller to transaction not yet settled.

Article 40

Every seller and buyer is obliged to report the realization of settlement of transaction to organizers of the forward auction market.

Article 41

- (1) After the auction is closed, auction officer promptly makes transaction report on the basis of data obtained when the auction takes place.
- (2) The transaction report as meant in paragraph (1) consists of 2 (two) sessions, namely morning and afternoon sessions.
- (3) The transaction report as meant in paragraph (2) is multiplied for distribution to every member intending to know and dissemination through mass, printed and electronic media.

Article 42

The chairman of auction is obliged to report events that he sees and ascertain during the auction to his superior.

Article 43

Organizers of forward auction market are obliged:

- a. to report in writing the implementation and results of auction to Bappebti not later than one day after the implementation of the auction;
- b. to report the realization of selling - buying transaction, be it the settlement of delivery of commodities and purchase at the end of every month; and
- c. to report default as soon as possible to Bappebti.

CHAPTER VI

EMERGENCY CONDITION AND FORCE MAJEURE

Article 44

- (1) In an emergency condition making auction unable to implement, auction organizers can take necessary settlement steps.
- (2) The emergency condition as meant in paragraph (1) is :
 - a. practices which can influence the operation of the forward auction market that make trade unable to realize in an orderly manner and transparently;

- b. situation causing the delivery of commodities to be postponed; or
- c. commodity price moving toward unreasonable level or uncontrollably.

Article 45

- (1) In force majeure condition making auction unable to realize, auction organizers can take settlement measures deemed necessary.
- (2) The force majeure condition as meant in paragraph (2) includes flood, earthquake, war and country in state of danger.

Article 46

In the case of the occurrence of the conditions as meant in Articles 44 and 45, the settlement steps can be:

- a. postponing settlement of contract and/or extending the date of delivery and/or payment mentioned in contract to a specified period;
- b. permitting the replacement of maturing commodities and contracts with the same commodities of the different kind and/or quality or other related commodities;
- c. suspending activities of forward auction market; or
- d. providing directives for members so as to be able to overcome the condition as well as taking other security measures that the organizers of forward auction market consider able to overcome the condition.

CHAPTER VII

SETTLEMENT OF DISPUTE

Article 47

- (1) Every dispute arising from the implementation of selling and buying transactions on the forward auction market is settled first through deliberation to reach consensus.
- (2) In the case of the deliberation to reach consensus as meant in paragraph (1) being not achieved, parties use instruments of mediation or conciliation provided by organizers of the forward auction market.

Article 48

- (1) If the effort as meant in Article 47 failed, the dispute must be settled through arbitration by establishing an arbitration committee.
- (2) The arbitration committee as meant in paragraph (1) is established by organizers of the forward auction market.
- (3) The arbitration committee as meant in paragraph (2) prepares a list of arbiters who will become member of the arbitration panel.

Article 49

Requirements for the arbiters are as follows:

- a. understanding system and operational mechanism of forward auction market; and
- b. understanding commodity affairs and settlement of their transactions.

Article 50

- (1) The number of every arbitration panel is odd, at least three arbiters with the provision that the respective parties in dispute choose one and the two elected arbiters choose the third arbiter as the chairman.
- (2) In the case of in five days, the two arbiters not yet agreeing to choose the third arbiter as the chairman, organizer of forward auction market entitle to appoint the third arbiter.
- (3) In the case of any of the parties not appointing an arbiter, the relevant is deemed entrusting the appointment of arbiter to organizer of the forward auction market.
- (4) Unless the relevant parties appoint arbiter, the organizer of the forward auction market appoints 3 (three) arbiters and any of them is appointed to become the chairman.
- (5) In the case of any of the parties raising objection to one arbiter or more as meant in paragraph (4), the relevant is obliged to disclose the reason and if the reason is acceptable, the organizer of the forward auction market entitles to appoint other arbiter.

Article 51

- (1) The arbitration committee stipulates time and place of arbitration.
- (2) Every application for settlement through arbitration is submitted to the arbitration committee and subjected to administrative cost with the amount stipulated by the arbitration committee.
- (3) In the administrative cost as meant in paragraph (2) being already paid, the arbitration committee must promptly convey actions of the application to the opposite party to be responded not later than 10 (ten) working days by mentioning arbiter elected by the party.

Article 52

- (1) Every application for settlement of dispute must be submitted in writing to the arbitration committee not later than 7 (seven) days after mediation or conciliation failed.
- (2) The arbitration committee examines the completeness of documents of application for settlement of dispute as meant in paragraph (1).
- (3) If the documents as meant in paragraph (2) have been complete wholly, the arbitration committee gives up the documents of application for settlement of dispute to the arbitration panel for further processing.

Article 53

Arbitration decision is final and binding and appeal cannot be requested.

Article 54

Every member of the forward auction market is deemed already knowing and must abide by as well as obey all regulations in force in connection with the operation of the forward auction market, including their technical rules.

CHAPTER VIII VIOLATION AND SANCTION

Article 55

- (1) Violations by members of the forward auction market are classified into light and serious violations:

- (2) The light violations as meant in paragraph (1) are:
 - a. actions not according to common norms in the trade;
 - b. undertaking activities tending to tarnish dignity or image of the forward auction market; or
 - c. violating administration effective on the forward auction market.

- (3) The serious violations as meant in paragraph (1) are:
 - a. consciously in group to execute transaction already agreed previously;
 - b. making or reporting false or fictitious transaction;
 - c. extorting or trying to extort other members of the forward auction market or their principals;
 - d. manipulating price or trying to manipulate price to corner the market;
 - e. intentionally conveying untrue written statement or information to the organizer of forward auction market or other agencies related to the forward auction market;
 - f. consciously disseminating false report on condition of stocks of commodities or market condition influencing or potential to influence a commodity on the forward auction market;
 - g. buying or selling a commodity with a view of making buying or selling transaction chaotic on the forward auction market; or
 - h. committing light violation more than two times.

Article 56

Procedures for determining the occurrence of violation are as follows:

- a. organizers of the forward auction market and/or other appointed parties examine case ascertained or allegedly violating the provisions in force on the forward auction market on the basis of self initiative and/or report from interested parties.
- b. In the case of directive that violation has occurred, the organizers of forward auction market further investigate members committing the violation by means of:
 1. summoning the member and/or other implicated members;
 2. examining bookkeeping/records;
 3. asking necessary documents related to the problem; and
 4. submitting questions.

- c. making account of results of examination as matters of decision making by the organizer of the forward auction market.

Article 57

- (1) Violations categorized as light violation are subjected to written warning maximally twice.
- (2) In the case of the members of forward auction market not obeying the written warning as meant in paragraph (1), the relevant is subjected to sanction of freezing of membership for 6 (six) months and/or a fine of Rp 5,000,000 (five million rupiahs) at the maximum.
- (3) In the case of violations being categorized as serious violations, every violation is subjected to sanction of termination by revoking membership identity and/or a fine of Rp 25,000,000 (twenty five million) at the maximum.

Article 58

Provisions on the imposition of sanction as meant in Article 57 are regulated by a decision of the organizer of the forward auction market.

Article 59

The imposition of sanction of written warning, freezing of membership, revocation of membership identity and fine as meant in Article 58 is done by the organizer of the forward auction market.

CHAPTER IX
TRANSITIONAL PROVISION

Article 60

With the enforcement of this decree, all provisions regulating activities of the forward auction market are declared null and void.

CHAPTER X
CONCLUSION

Article 61

The decree comes into force as from the date of stipulation.

For public cognizance, the decree shall be placed by placing it in State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On October 18, 2004

THE MINISTER OF INDUSTRY AND TRADE

Sgd

RINI M SUMARNO SOEWANDI

Editor's Note :

- The attachments are not obtained.

=====(AL)=====