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4 July 2008

Securities Exchange Commission
Gedung Utama, 3rd Floor, JI
Department Keuangan RI
Lapangan Banteng Timur No. 2-4
Jakarta 10710
Indonesia

Attn: Dr Ahmad Fuad Rahmany, Chairman

Dear Dr Fuad Rahmany,

We are writing to express our concern about the recent changes that we understand have been made to the rules governing mergers and acquisitions in Indonesia.

By way of introduction, the International Corporate Governance Network (ICGN) is a global membership organisation of institutional and private investors, corporations and advisors. The aim of the ICGN is to contribute to raising standards of corporate governance through the exchange of ideas and information across borders and the development of best practices. Our membership spans over 40 countries and the investor members are responsible for global assets of \$15 trillion. They therefore have a keen interest in the quality and efficiency of capital markets and it is in this context that I am writing, as chair of the ICGN Shareholder Rights Committee.

We were alerted to the changes by the Asian Corporate Governance Association and have since been in communication with the Indonesian Institute for Corporate Directorship (IICD) about this matter.

As we understand it, these rule changes will potentially have a significant impact on shareholder rights and protections in Indonesia. Accordingly, we believe that it is important for shareholders and others with a legitimate interest in Indonesia's capital markets to be able to review and comment on the changes. We would encourage you to consult formally on the changes and reflect on the responses, in particular, how the market participants expect the new rules will impact market efficiency and the ability of Indonesian companies to raise capital. Following such a consultation we would encourage you to consider how to reflect the responses in the rules to ensure that the interests of minority shareholders are protected.

We are particularly concerned that the rights of minority shareholders may be unintentionally impaired by the rule changes. In particular, in relation to the mandatory bid thresholds, which we understand has been raised for general offers from the former 25 per cent to 50 per cent. We believe that this risks enabling effective change of control at ownership levels up to the 50 per cent threshold while not requiring the controlling interest to buy out the minority shareholders. Our experience suggests that a mandatory bid threshold in the region of one-third of the outstanding capital provides a workable balance between accommodating major shareholders and providing protection to minority ones.

On a related point, we are also concerned that if a bidder is not required to purchase all the outstanding stock there will potentially be quite significant distortions in the share price of the company as a result of the much reduced liquidity and the risk premium that may well be applied by the minority investors given that they will have virtually no influence over the company. We acknowledge that there is some merit in providing a mechanism for majority controlled, quality companies to have a public listing, allowing minority shareholders to retain their shareholding. But, we are not sure that it is appropriate to prevent the privatization of listed companies. We would suggest that the decision as to whether to retain a listing or to take a company private ought to rest solely with the company, or rather its new majority owner and properly enfranchised minority shareholders deciding through a vote at a general meeting.

Finally, we welcome the change to the rule covering bid pricing. We believe this change should reduce the likelihood of and incentives for share price manipulation in advance of a takeover and result in a final price that more accurately reflects the fair value of the company.

We hope that you find these comments helpful. If you would like to discuss any of these points, please do contact our Executive Director, Anne Simpson, by telephone on either + 44 20 7612 7098 or by email at execdirector@icgn.org.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Michelle Edkins', with a long horizontal line extending to the right.

Michelle Edkins
Chairman
ICGN Shareholder Rights Committee