



New Financial Services Authority (OJK) Regulations

The summary of the new Financial Services Authority (OJK) regulations

The following is a list of the new Financial Services Authority (OJK) regulations. All regulations are available in Indonesian.

The new Financial Services Authority (OJK) regulations

1. Regulation: 50/POJK.03/2017 ([click here 50/POJK.03/2017](#))
Date : 13 July 2017
Subject : Kewajiban pemenuhan rasio pendanaan stabil bersih (net stable funding ratio) bagi bank umum (Obligation to maintain net stable funding ratio for commercial banks)

Summary

This OJK regulation is issued because in an effort to create a national banking system that is sound and able to develop both nationally and internationally, banks need to manage their liquidity in accordance with the prudential principles. This management of banks' liquidity requires maintaining a stable funding profile based on the composition of assets and transactions of administrative accounts in accordance with international standards. Therefore, it is necessary to develop standards for measurement of liquidity risk in the form an obligation to maintain a net stable funding ratio (NSFR) with the aim of reducing liquidity

risk related to sources of funding with longer terms by requiring banks to fund activities from stable and adequate sources of funds which in order to mitigate risks of future funding difficulties.

Several main points are clarified in this regulation, as follows:

- A bank must maintain stable and adequate funding which is calculated using NSFR and set at a minimum of 100% (one hundred percent)
- Fulfilment of NSFR applies for banks in categories BUKU 4, BUKU 3, and foreign banks, including branch offices of banks domiciled abroad and banks part of whose shares are owned by a foreign party, either individually or on consolidated basis
- A bank must perform monitoring of its fulfilment of NSFR and submit reports on the calculation of NSFR, both individual and consolidated, to OJK
- In the event that a bank is unable to fulfil NSFR up to 100%, the bank must submit its NSFR report and NSFR working paper based on the position at the end of the month, submit an action plan for fulfilment of NSFR, and reports on implementation of the action plan for fulfilment of NSFR
- A bank that does not comply with these provisions will be subject to administrative penalties in the form of fine, written warning, or other administrative penalty.

2. Regulation: 49/POJK.03/2017 ([click here 49/POJK.03/2017](#))

Date : 12 July 2017

Subject : Batas maksimum pemberian kredit bank perkreditan rakyat (Legal lending limit for smallholder credit banks)

Summary

The OJK has issued this regulation because in order to reduce the potential for business failure of smallholder credit banks (BPR) as a consequence of concentration of provision of funds, BPR must observe prudential principles, including by spreading the risk of the fund provision portfolio, particularly through restrictions on provision of funds, to both related and non-related parties, to a certain percentage of the BPR's capital, also known as the legal lending limit (BMPK).

This regulation, which consists of 30 articles, revokes Bank Indonesia regulation number 11/13/PBI/2009. In addition, its content broadly explains several matters, i.e.:

- Basis for calculation of BMPK, both BMPK for credit and BMPK for inter-bank placement of funds at other BPR
- BMPK to related parties; in one of the articles it is clarified that the provision of funds to all related parties is set at a maximum of 10% of the BPR's capital
- BMPK to unrelated parties; in one of the articles it is stated that provision of funds in the form of inter-bank placement at a BPR that is not a related party, or the provision of funds in the form of credit to 1 (one) borrower that is also an unrelated party, is set at a maximum of 20% of the BPR's capital
- Provision of funds in the form of credit to 1 (one) group of unrelated borrowers is set at a maximum of 30% of the BPR's capital
- Exceeding BMPK: if there is a surplus between the percentage of provision of funds that is realized relative to the BPR's capital on the date of the report and the BMPK that is permitted
- Resolution of violation and/or exceeding BMPK
- Procedure for submission of BMPK reports and correction of BMPK reports
- Force majeure that may be experienced by BPR, etc.

3. Regulation: 48/POJK.03/2017 ([click here 48/POJK.03/2017](#))

Date : 12 July 2017

Subject : Transparansi kondisi keuangan bank perkreditan rakyat (Transparency of financial conditions of smallholder credit banks)

Summary

The purpose of the issuance of this regulation is to protect the public interest through application of management, one important aspect of which is transparency of financial conditions to the public; financial statements that are published must be confirmed to be easily accessible to all stakeholders in order to protect the interests of the fund-saving public, investor and/or other users, so as ultimately to increase the public's trust in the national banking sector. In this regard, financial statements must be prepared in accordance with accounting standards and the guidelines on recording and reporting that apply to smallholder credit banks (BPR)

Broadly, the content of this regulation clarifies several matters, as follows:

- Annual reports, consisting of balance sheet, profit and loss statement, statement of change in equity, cash flow statement, and notes to financial statements, including information on commitments and contingencies
- Published financial statements, which are announced quarterly for the position at the end of March, June, September, and December in accordance with the form and procedure stipulated by OJK
- Responsibility for financial statements, both annual and published, which are solely the responsibility of the Directors and Commissioners of the BPR
- Force majeure that may be experienced by BPR
- Penalties that may be imposed for delay or non-submission of annual reports or published financial statements

4. Regulation: 46/POJK.03/2017 ([click here 46/POJK.03/2017](#))

Date : 12 July 2017

Subject : Pelaksanaan fungsi kepatuhan bank umum (Implementation of compliance function of commercial banks)

Summary

This OJK regulation is issued because banks' business activities are continually experiencing changes and increases in line with the development of information technology, globalization, and integration of the financial markets, leading to ever greater complexity of activities. This increasing complexity of bank's business activities creates greater challenges and exposure to risks. It is hoped that proper and timely management of compliance risk can minimize risks as early as possible. Hence, the role and function of compliance and of compliance work units in the future does not only look at incidents in a preventive way (ex-ante) but must also be able to manage compliance risk to be in line with the application of the overall risk management at the bank.

The matters clarified in this regulation relate to:

- The compliance function of the bank, which includes actions to realize the implementation of a culture of compliance at all levels of the bank's organization and business activities, manage compliance risks faced by the bank, ensure the bank's compliance with commitments made by the bank to OJK and/or other regulatory authorities, etc.

- The Director who oversees the compliance function, wherein it is explained further concerning independence, criteria, appointment, dismissal, and/or resignation of the Director who oversees the compliance function, and duties and responsibilities of the Director who oversees the compliance function
- Compliance work unit, which includes independence and criteria of the compliance work unit as well as duties and responsibilities of the compliance work unit
- Reporting, which includes the compliance work plan contained in the bank's business plan, compliance reports, etc.
- Address for submission of reports and penalties that may be imposed for violations

5. Regulation: 45/POJK.03/2017 ([click here 45/POJK.03/2017](#))

Date : 12 July 2017

Subject : Perlakuan khusus terhadap kredit atau pembiayaan bank bagi daerah tertentu di Indonesia yang terkena bencana alam (Special treatment for credit or financing of banks in certain regions of Indonesia that are affected by natural disasters)

Summary

The background to the issuance of this regulation is that over the past several years, some regions of Indonesia have been affected by natural disasters and some other regions are vulnerable to potential natural disasters. The impact of these natural disasters can disrupt the Indonesian economy, particularly in the regions affected by the natural disasters. Borrowers who are affected by natural disasters may have difficulty in fulfilling their obligations in accordance with the loan or financing agreements. In connection with this matter, OJK needs to provide for banks' credit or financing in the form of flexibility in determining the quality of credit or financing and in granting credit or financing that is granted after a natural disaster occurs to borrowers affected by natural disasters.

With regard to granting of credit, one of the articles in this regulation explains as follows:

- A bank may grant credit or financing and/or other provision of funds which is given after a disaster occurs to borrowers affected by natural disasters in certain regions of Indonesia affected by natural disasters.
- Determination of the quality of credit or financing and/or other provision of funds that is granted after a natural disaster occurs is done separately from the quality of the previous credit or financing and/or other provision of funds.
- Determination of the quality of credit for a commercial bank or financing for a sharia commercial bank (BUS) or sharia business unit (UUS) and/or other provision of funds only applies for credit for a commercial bank or financing for a BUS or UUS and/or other provision of funds that is disbursed to borrowers in certain project locations or business locations that are affected by a natural disaster for a period of 3 (three) years from the occurrence of the natural disaster.

6. Regulation: 44/POJK.03/2017 ([click here 44/POJK.03/2017](#))

Date : 12 July 2017

Subject : Pembatasan pemberian kredit atau pembiayaan oleh bank umum untuk pengadaan tanah dan/atau pengolahan tanah (Limits on granting of credit or financing by commercial banks for land procurement and/or land preparation)

Summary

This OJK regulation is issued as an effort to maintain continuity and consolidation of the national economy through application of prudential principles by banks, which is done both for activities of collecting funds and of disbursing funds. One form of disbursement of bank funds that is flourishing is credit or financing for the property sector. One element that has contributed to excessive growth of credit or financing to the property is extension of credit or financing for land procurement and/or land preparation. In this regard, it is necessary to stipulate limits on the extension of credit or financing for land procurement and/or land preparation in the form of an OJK regulation.

With regard to the restriction on granting of credit or financing for land procurement and/or land preparation, several points are explained, as follows:

- Banks are prohibited to grant credit or financing to developers, either directly or indirectly
- Banks are prohibited to purchase or underwrite securities or sharia securities from developers
- Banks shall report all granting of credit or financing to developers online through the OJK financial information service system, with reference to the OJK provisions that stipulate concerning reporting and requests for information on borrowers through the financial information service system
- A bank that violates the provisions on not granting credit or financing to developers, either directly or indirectly, or that violates the provisions on not purchasing or underwriting securities or sharia securities from developers, will be subject to penalties from OJK
- One of the penalties that may be imposed for violation of such provisions is an administrative penalty in the form of a fine of 10% of the amount of credit or financing that is approved to finance land procurement and/or land preparation or of the nominal value of the securities or sharia securities that are purchased and/or underwritten.

7. Regulation: 43/POJK.03/2017 ([click here 43/POJK.03/2017](#))

Date : 12 July 2017

Subject : Tindak lanjut pelaksanaan pengawasan bank (Follow-up on implementation of bank oversight)

Summary

The OJK has issued this regulation as an effort to provide protection to consumers, the public, and the financial services sector. In this regard, the OJK has the authority to take actions that are considered necessary, including issuing orders or cease and desist orders (CDO) to the banking sector. A CDO is implemented in the form of a request for a commitment from a bank to do or not to do certain things in carrying out its business activities. A CDO is issued when there is a deviation from the prudential principles and healthy banking principles or violation of the provisions of laws and regulations.

The matters clarified in this regulation include the following:

- A bank, in carrying out its business activities, is obligated to be based on prudential principles and healthy banking principles and to comply with the provisions of laws and regulations.
- In the event of a deviation from prudential principles and healthy banking principles or a violation of the provisions of the laws and regulations, OJK may issue an order or CDO concerning matters that should or should not be done by the bank.
- A bank, its directors, commissioners, and/or controlling shareholder (PSP) that does not comply with the provisions will be subject to administrative penalties.
- At the time that this OJK Regulation comes into force, regulation number 23/82/KEP/DIR concerning follow-up on bank oversight and guidance, regulation number 23/22/BPPP

concerning follow-up on implementation of oversight and guidance of banks, are revoked and declared null and void

8. Regulation: 42/POJK.03/2017 ([click here 42/POJK.03/2017](#))

Date : 12 July 2017

Subject : Kewajiban penyusunan dan pelaksanaan kebijakan kredit atau pembiayaan bank bagi bank umum (Obligation to prepare and implement bank credit and financing policies for commercial banks)

Summary

This regulation is issued as an effort by OJK to reduce potential risks faced from the business activities carried out by banks, such as credit or financing. Thus, banks must apply prudential principles and sound credit or financing principles in carrying out their credit or financing business activities, starting from the process of granting credit or financing. Therefore, a written bank credit or financing policy is needed as a standard reference in implementing the granting of bank credit or financing so as to help the bank in reducing the various potential risks and avoiding losses that could be incurred.

The content of this regulation explains that a bank must have a written bank credit or financing policy. The formulation of the bank credit or financing policy shall contain at least the following main matters:

- Prudential principles in credit or financing
- Organization and management of credit or financing
- Credit or financing approval policy
- Documentation and administration of credit or financing
- Oversight of credit or financing
- Settlement of problematic credit or financing

9. Regulation: 41/POJK.03/2017 ([click here 41/POJK.03/2017](#))

Date : 12 July 2017

Subject : Persyaratan dan tata cara pemeriksaan bank (Requirements and procedures for bank audits)

Summary

The background to the issuance of this regulation is that in order to protect the public interest and maintain a sound banking system and principles, a picture is needed of a bank's strategic policies and business activities that entail risks. To obtain such a picture, audits of banks need to be conducted, of both a general and a specific nature. In addition, to enhance the effectiveness and efficiency of the audits, the OJK may conduct audits either using OJK personnel or using the services of another party such as a public accountant, and to achieve these there need to be provisions that stipulate the requirements and procedures for audits of banks.

This regulation, which consists of 30 articles, discusses several matters, among others as follows:

- Parties that are audited by OJK, such as banks and/or representative offices of banks domiciled abroad

- Requirements for the parties that conduct an audit, whereby the audit team itself may consist of OJK personnel assigned to conduct the audit, or may also be another party assigned by the OJK, or a combination of OJK personnel and another party
- Audit by foreign parties, which may only be done after obtaining permission from OJK
- Address for submission of reports, notification, and permission for audit
- Penalties that may be imposed for failure to comply with the provisions of this regulation, from written warning up to the OJK ordering transfer of ownership of the parent company to another party

10. Regulation: 40/POJK.03/2017 ([click here 40/POJK.03/2017](#))

Date : 12 July 2017

Subject : Kredit atau pembiayaan kepada perusahaan efek dan kredit atau pembiayaan dengan agunan saham (Credit or financing to securities companies and credit or financing with pledging of shares)

Summary

The issuance of this regulation is as an effort to support development of a healthy capital market through enhancement of the role of the banking sector in Indonesia. One form of support from banking sector for the capital market sector is by granting credit or financing to securities companies, with due attention to the prudential principles. In order to apply the principles of healthy credit or financing, a bank must have confidence in the borrower's ability to repay the credit or financing by evaluating the business, project, or claims that are being financed as a guarantee in the granting of credit or financing. Based on the matters mentioned above, the OJK needs to regulate the granting of credit or financing to Securities companies and credit or financing with pledging of shares.

Several matters are discussed in this regulation, as follows:

- A Bank may only extend credit or financing to a Securities Company at a maximum of 25% (twenty-five percent) of the capital of the Securities Company concerned or 15% (fifteen percent) of the capital of the bank, whichever is less.
- All credit or financing that is extended by a bank to all securities companies shall be at a maximum 30% of the bank's capital
- A bank is prohibited to grant credit or financing for sale and purchase of shares to an individual or company that is not a Securities Company.
- A bank is allowed to grant credit or financing with additional collateral in the form of shares that are listed on the stock exchange
- The value of the shares that are used as additional collateral for credit or financing shall be no greater than 50% (fifty percent) of the market price or exchange rate of the shares concerned on the stock exchange at the time the credit or financing agreement is signed.
- For granting of credit or financing for expansion or takeover, a bank is allowed to accept additional collateral in the form of shares that are listed or are not listed on the stock exchange

11. Regulation: 39/POJK.03/2017 ([click here 39/POJK.03/2017](#))

Date : 12 July 2017

Subject : Kepemilikan tunggal pada perbankan Indonesia (Single ownership in the Indonesian banking sector)

Summary

This regulation is issued in connection with the planned integration of the ASEAN financial sector in 2020, which will enable banks with certain qualifications to operate freely in the ASEAN region, and will increase competition between national banks and banks from the ASEAN region. In connection with this planned integration, efforts need to be undertaken to enhance the resilience and competitiveness of the national banking sector, both through accelerated consolidation of the banking sector and through efforts to improve the soundness of banks, quality of application of governance, and increasing the capital of banks, and so a rule is also needed concerning single ownership in the Indonesian banking sector, which can be done by providing alternatives for adjustment of the shareholding structure of banks through establishment of holding companies in the banking sector or implementation of a holding function.

Several points are explained in the Chapter on procedure for establishing a holding company in the banking sector (bank holding company) and establishment of a holding function in this regulation, among others:

- The legal entity form of a holding company in the banking sector (bank holding company), i.e. a limited liability company established in Indonesia and in accordance with the provisions of the laws and regulations in Indonesia.
- A Bank Holding Company may only conduct activities of equity participation, including provision of management services to enhance the effectiveness of consolidation, business strategy, and optimization of the finances of the business group that it controls
- The holding function may only be performed by a controlling shareholder (PSP) in the form of a bank with a legal entity in Indonesia or an agency of the central government
- The holding function shall be led by a member of the board of directors of the bank that is the PSP, or an official appointed by the highest leadership of the central government

12. Regulation: 38/POJK.03/2017 ([click here 38/POJK.03/2017](#))

Date : 12 July 2017

Subject : Penerapan manajemen risiko secara konsolidasi bagi bank yang melakukan pengendalian terhadap perusahaan anak (Application of consolidated risk management for a bank that controls subsidiaries)

Summary

OJK has issued this regulation because the growth of financial transactions in the era of globalization has led to increasing integration of the financial products and services conducted by banks. These increasingly integrated financial products and services cause the exposure to risks faced by banks to be increasingly complex and large. As an initial step to measure overall risk, banks are asked to apply consolidated risk management over the subsidiaries that they control the application of risk management in subsidiaries is also intended to increase the competitiveness of the Indonesian banking sector internationally, since this is one form of fulfilment of banks' compliance with international standards.

This regulation, which consists of 18 articles, broadly discusses the following matters:

- Information and reporting system, whereby the system that a bank must have shall include at least an accounting information system and a risk management information system
- Evaluation of quality of assets, which is needed for the purpose of preparation of consolidated financial statements and calculation of minimum capital adequacy ratio
- Calculation of maximum lending limit
- Management of subsidiaries
- Evaluation bank's soundness level and risk profile
- Determination of status and follow-up of bank oversight, etc.

13. Regulation: 37/POJK.03/2017 ([click here 37/POJK.03/2017](#))

Date : 12 July 2017

Subject : Pemanfaatan tenaga kerja asing dan program alih pengetahuan di sektor perbankan (Utilization of foreign manpower and programs for transfer of knowledge in the banking sector)

Summary

The opening of the opportunity for foreign banks to invest in the national banking sector brings with it the consequence of increasing utilization of foreign manpower in banks' operational activities. This utilization of foreign manpower is needed to fulfil the shortage of expert personnel in certain aspects of the banking sector. It is hoped that this utilization of foreign personnel can enhance the knowledge of Indonesian personnel through transfer of knowledge. To this end, the utilization of foreign personnel needs to be further regulated so as to support the efforts to achieve a sound national banking sector and not to harm the national interest. In addition, it should be noted that the functions, duties, and authority for regulation and oversight of financial services in the banking sector have been transferred from Bank Indonesia to the Financial Services Authority (OJK). For these reasons, it is necessary to restipulate the provisions on utilization of foreign personnel and programs for transfer of knowledge in the banking sector in the form of an OJK regulation.

Among the matters discussed in this regulation are the following:

- A bank may only utilize foreign personnel in certain fields of duties and is prohibited to utilize foreign personnel in the fields of personnel and compliance.
- A bank must submit a plan for use of foreign manpower to OJK.
- The bank must ensure transfer of knowledge occurs from the utilization of foreign manpower.
- Requests for approval and reporting on the utilization of foreign manpower by banks.
- Penalty provisions in this regulation: The OJK has the authority to impose to impose administrative penalties on any party that commits a violation.
- At the time this regulation comes into force, Bank Indonesia Regulation No. 9/8/PBI/2007 concerning utilization of foreign personnel and programs for transfer of knowledge in the banking sector is revoked and declared null and void.

14. Regulation: 36/POJK.03/2017 ([click here 36/POJK.03/2017](#))

Date : 12 July 2017

Subject : Prinsip kehati-hatian dalam kegiatan penyertaan modal (Prudential principles in equity participation activities)

Summary

In line with the growth of bank business activities and global dynamics, flexibility is needed in several aspects of equity participation activities, and in line with several provisions of the Financial Services Authority (OJK) related to equity participation and international developments, it is necessary to harmonize the provisions on prudential principles in equity participation activities. In connection with the opportunities for equity participation, it is hoped that these can be utilized by banks in expanding equity participation activities so as to provide advantages to the banks in order to increase competitiveness. However, it must

be recognized that the opportunity to expand equity participation activities must be balanced with an improvement in the quality of risk management in order to anticipate external risks that may arise from subsidiaries and financial service support companies, which could ultimately affect a bank's risk profile.

Several points are discussed in this regulation, among others as follows:

- Equity participation activities must be carried out based on prudential principles.
- Equity participation deriving from share dividends does not require the approval of the OJK.
- A bank must submit a request to receive approval for equity participation to OJK at least 30 (thirty) days before the equity participation is done.
- Exceeding the limits of equity participation in line with the grouping of commercial banks based on business activities.
- Divestment of equity participation and temporary equity participation.
- Equity participation by subsidiaries.
- Address for reporting.
- Accounting treatment and quality of equity participation and temporary equity participation.
- Transparency and management of equity participation and temporary equity participation.
- At the time this regulation comes into force, BI Regulation No. 15/6/PBI/2013 concerning prudential principles in equity participation activities and SE-BI No. 23/10/BPPP are revoked and declared null and void.

15. Regulation: 24/POJK.04/2017 ([click here 24/POJK.04/2017](#))

Date : 21 June 2017

Subject : Laporan bank umum sebagai kustodian (Reports of commercial banks as custodians)

Summary

The issuance of this OJK regulation is because of the need to restructure the regulations to provide clarity and certainty concerning the regulation on reports of commercial bank as custodians. Before the formation of the Financial Services Authority (OJK), regulations relating to the capital market sector were issued by the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK), so it is necessary to convert the Bapepam-LK Regulation into an OJK regulation. This restructuring is needed so that there are OJK regulations relating to the capital market that are in harmony with the OJK regulations for other sectors.

Several matters are discussed in this regulation, among others as follows:

- A custodian bank must submit activity reports to the OJK in the form of printed documents in at least two (2) copies, together with an electronic copy of the documents. These reports include reports on monthly activities which contain a recapitulation of the securities registered during the period, and annual reports which are the result of an operational audit by a public accountant
- Penalty provisions in this regulation: The OJK has the authority to impose administrative penalties on any party that commits a violation. The penalties that are imposed may be in the form of written warning, fine, restriction of business activities, suspension of business activities, revocation of business license, cancellation of approval, and cancellation of registration

- At the time this regulation comes into force, Decision of the Chairman of Bapepam No. Kep-73/PM/1996 concerning reports of commercial bank as custodians, together with Regulation No. X.G.1 which is its attachment, revoked and declared null and void.

16. Regulation: 23/POJK.04/2017 ([click here 23/POJK.04/2017](#))

Date : 21 June 2017

Subject : Prospektus awal dan info memo (Preliminary prospectus and info memos)

Summary

The background to the issuance of this regulation is the need to restructure the regulation to provide clarity and certainty concerning the regulation of preliminary prospectus and info memos. Before the formation of the Financial Services Authority (OJK), regulations relating to the capital market sector were issued by the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK), so it is necessary to convert the Bapepam-LK Regulation into an OJK regulation. This restructuring is needed so that there are OJK regulations relating to the capital market that are in harmony with the OJK regulations for other sectors.

Several matters are discussed in this regulation, among others as follows:

- Preliminary prospectus and info memo may contain information regarding the approximate number of securities being offered, range of security offer price, and other matters related to offering requirements.
- Preliminary prospectus and info memo must contain the date of issuance and statements on the front cover of the preliminary prospectus and info memo printed in large letters in red ink that will immediately attract readers' attention, in the language used in the preliminary prospectus and info memo.
- Penalty provisions in this regulation: The OJK has the authority to impose administrative penalties on any party that commits a violation.
- At the time this regulation comes into force, Decision of the Chairman of Bapepam No. Kep-41/PM/2000 concerning preliminary prospectus and info memos, together with Regulation No. XI.A.8 which is its attachment, revoked and declared null and void.

17. Regulation: 22/POJK.04/2017 ([click here 22/POJK.04/2017](#))

Date : 21 June 2017

Subject : Pelaporan transaksi efek (Reporting of securities transactions)

Summary

The OJK has issued this regulation in connection with the enactment of Law Number 21 of 2011 concerning the Financial Services Authority, which determines that the authority for regulation and oversight of activities in the field of financial services, including the capital market, are transferred from the Capital Market and Financial Institutions Supervisory Agency to OJK. The OJK also has an interest to create a capital market that is orderly, fair, transparent and efficient, to carry forward the duties and functions of the Capital Market and Financial Institutions Supervisory Agency as stipulated in Law Number 8 of 1995 concerning the Capital Market. With attention to these matters, it is necessary to revise the regulation on reporting of securities transactions, which includes all securities transactions for debt securities and sukuk, whether in the securities exchange or outside the securities exchange,

by establishing an OJK regulation concerning reporting of securities transactions, which is an amendment of regulation number X.M.3 concerning reporting of securities transactions.

Several matters are discussed in this regulation, among others as follows:

- Reporting of securities transactions.
- Reports on securities transactions must be submitted electronically using a system and/or facility provided by the Receiver of Securities Transactions Reports (PLTE).
- The PLTE must provide evidence of the reporting of the securities transaction to the participant as soon as possible after the report is received by the PLTE.
- Participants must provide evidence of reporting of the securities transactions to the reporting party as soon as possible after the Participants receive the evidence of reporting of Securities transactions from PLTE.
- Oversight of securities transactions.
- Penalty provisions in this regulation: The OJK has the authority to impose administrative penalties on any party that commits a violation.
- PLTE must adjust the system that is used to receive reports on Securities transactions including by facilitating the system for submission of reports on Securities transactions from Participants no later than 1 (one) year from when this Financial Services Authority Regulation comes into force.
- At the time this regulation comes into force, Decision of the Chairman of Bapepam-LK No. Kep-123/BL/2009 concerning Reporting securities transactions, together with Regulation No. X.M.3 which is its attachment, is revoked and declared null and void.

18. Regulation: 21/POJK.04/2017 ([click here 21/POJK.04/2017](#))

Date : 21 June 2017

Subject : Pedoman pengelolaan portofolio efek untuk kepentingan pelanggan secara individual (Guidelines on management of securities portfolios for the interests of individual customers)

Summary

Management of individual portfolios is a management service that is performed by an investment manager for a customer on the basis of a fund management contract entered between the investment manager, the customer, and a custodian bank. Services of management of individual customer portfolios are growing and make quite a large contribution in the capital market sector, especially in the field of investment management. Before the formation of the Financial Services Authority (OJK), regulations relating to the capital market sector were issued by the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK), so it is necessary to convert the Bapepam-LK Regulation into an OJK regulation. Restructuring of this regulation is being done because the previous regulation is considered no longer relevant to the needs of the market, so it is necessary to revise the regulation relating to guidelines for management of individual customer portfolios.

The content of this regulation discusses several matters, among others as follows:

- Guidelines for management agreements for individual customer portfolios.
- Guidelines for management of individual customer portfolios.
- Customers' securities portfolio and/or funds must be kept in the customers' wealth accounts in the name of each customer at the custodian bank.
- The value of securities in the management of individual customer portfolios must be valued based on fair market value, calculated using a method that refers to the provisions of the

laws and regulations in the capital market sector that stipulate concerning fair market value of securities in mutual fund portfolios.

- Obligations of investment managers and custodian banks in management of individual customer portfolios.
- Offers for management of individual customer portfolios.
- Delegation of services of management of individual customer portfolios by foreign investment managers.
- Prohibitions in the management of individual customer portfolios.
- Penalty provisions in this regulation: The OJK has the authority to impose administrative penalties on any party that commits a violation.
- At the time this regulation comes into force, Decision of the Chairman of Bapepam-LK No. Kep-112/BL/2010 concerning Guidelines for management of securities portfolios for the interests of individual customers, together with Regulation No. V.G.6 which is its attachment, is revoked and declared null and void.

19. Regulation: 20/POJK.04/2017 ([click here 20/POJK.04/2017](#))

Date : 22 June 2017

Subject : Perubahan atas Peraturan Otoritas Jasa Keuangan nomor 23/POJK.04/2014 tentang pedoman penerbitan dan pelaporan efek beragun aset berbentuk surat partisipasi dalam rangka pembiayaan sekunder perumahan (Amendment of Financial Services Authority Regulation number 23/POJK.04/2014 concerning guidelines for issuance and reporting of asset-backed securities in the form of participation documents for the purpose of secondary housing financing)

Summary

The content of this OJK regulation clarifies that asset-based securities in the form of participation letters (EBA-SP) are securities that are backed by assets that are issued by an issuer whose portfolio is in the form of a collection of receivables and constitutes evidence of proportional ownership of the collection of receivables that are owned jointly by a group of holders of EBA-SP. The background to the issuance of this regulation is to increase liquidity in the EBA-SP market, so strategic steps are needed to optimize the role of issuers as drivers of the EBA-SP market in Indonesia by amending regulation of the Financial Services Authority Number 23/POJK.04/2014 concerning Guidelines for issuance and reporting of asset-backed securities in the form of participation documents for the purpose of secondary housing financing to be adjusted to the current market and economic conditions.

Several changes are discussed in this regulation, among others as follows:

- The financial assets that form the collection of receivables of an EBA-SP must be obtained by the issuer from the original creditor through an outright sale/purchase and sold by the issuer to the EBA-SP holders through a legally outright sale/purchase; or obtained by the issuer for the interests of the EBA-SP holders from the original creditor through legally outright sale/purchase.
- The outright sale/purchase must be supported by the opinion of a legal consultant.
- The holders of EBA-SP rights to the collection of receivables are required to be stated in the prospectus of the EBA-SP or its transparency document and supported by the opinion of a legal consultant who states that the rights of the EBA-SP holders are as contained in the EBA-SP prospectus or EBA-SP transparency document.

20. Regulation: 45/SEOJK.03/2017 ([click here 45/SEOJK.03/2017](#))

Date : 19 July 2017

Subject : Kegiatan usaha dan wilayah jaringan kantor bank perkreditan rakyat berdasarkan modal inti (Business activities and network regions of smallholder credit banks based on core capital)

Summary

This OJK circular is issued in connection with OJK Regulation Number 12/POJK.03/2016 concerning business activities and network regions of smallholder credit banks based on core capital. Therefore, it is necessary to stipulate the implementation concerning business activities and network regions of smallholder credit banks (BPR) based on core capital, in the form of an OJK circular. The content of this regulation explains about the availability of core capital of BPR, organisation of business activities, and also several other explanations in the general provisions. Broadly the content of this circular explains several matters, among others as follows:

- BPR business activities, including explanation about the types of business activities of BPR, new business activities that may be performed by BPR
- Business activities that must obtain permission and/or approval from OJK such as collecting funds, exchanging foreign currency, activities as operators of branchless banking for the purpose of financial inclusion, etc.
- Business activities that must be reported
- Procedure for reporting implementation of business activity of foreign currency exchange
- Cessation of business activities on the request of OJK
- Cessation of business activity of foreign currency exchange by BPR
- Region of BPR branch network, etc.

21. Regulation: 44/SEOJK.03/2017 ([click here 44/SEOJK.03/2017](#))

Date : 19 July 2017

Subject : Kepemilikan tunggal pada perbankan Indonesia (Single ownership in the Indonesian banking sector)

Summary

OJK has issued this circular in connection with the enactment of Financial Services Authority Regulation (POJK) Number 39/POJK.03/2017 concerning Single ownership in the Indonesian banking sector, and in order to face the dynamic changes in the regional and global economy, it is necessary to enhance the resilience of the national banking industry, among other matters through application of a single ownership policy in the Indonesian banking industry as stipulated in the POJK on single ownership. The application of this single ownership policy in the Indonesian banking industry is done in several ways: through amalgamation or merger of Banks that are controlled, by forming a Bank Holding Company, or by forming a holding function.

Several matters are discussed in this regulation, among others as follows:

- Amalgamation or merger
- Forming a holding company in the banking sector (Bank Holding Company) as one alternative to fulfil the obligation for single ownership in the Indonesian banking sector.

- Forming a holding function, which may only be done by a controlling shareholder (PSP) in the form of a bank with Indonesian legal entity status or by an agency of the central government.
- OJK shall conduct oversight of bank holding companies and holding functions, including by conducting audits, either periodically or from time to time as necessary.
- When this circular comes into force, Bank Indonesia Circular Number 15/2/DPMP concerning single ownership in the Indonesian banking sector is revoked and declared null and void.

22. Regulation: 43/SEOJK.03/2017 ([click here 43/SEOJK.03/2017](#))

Date : 19 July 2017

Subject : Prinsip kehati-hatian dan laporan dalam rangka penerapan manajemen risiko secara konsolidasi bagi bank yang melakukan pengendalian terhadap perusahaan anak (Prudential principles and reporting in the context of application of consolidated risk management for a bank that controls subsidiaries)

Summary

OJK has issued this circular in connection with the enactment of Financial Services Authority Regulation (POJK) Number 38/POJK.03/2017 concerning Application of consolidated risk management for a bank that controls subsidiaries. In line with that POJK, the application of consolidated risk management for a bank that controls subsidiaries will be applied in stages. In the initial stage, the application of consolidated risk management is done by submitting reports and calculating several ratios in order to apply prudential principles.

Several matters are discussed in this regulation, among others as follows:

- A bank must have a system that can identify, measure, monitor and control all business risks of the bank and its subsidiaries to support effective application of consolidated risk management.
- The application of consolidated risk management for a bank and its subsidiaries is also applied for subsidiaries that carry on insurance business activities.
- A bank must conduct valuation of quality of assets on the assets of the bank and its subsidiaries in order to form provision for write-off of productive assets (PPA). The formation of PPA is so that the financial statements of the bank and its subsidiaries can be consolidated properly, and the calculation of consolidated KPMM can be done more accurately.
- A bank must perform monitoring of the concentration of provision of funds with due attention to fulfilment of the calculation of the legal lending limit (BMPK), both for provision of the bank individually and the consolidated provision of funds from the bank and its subsidiaries.
- Reports on list of prospective officers who manage Subsidiaries must be submitted no later than 10 (ten) working days before the GMS is held.
- A bank is obliged to submit the financial statements of its subsidiaries online as per the format and provisions stipulated by the Financial Services Authority through the Financial Services Authority reporting system.
- At the time that this Financial Services Authority Circular comes into force, Bank Indonesia Circular Number 8/27/DPNP concerning Prudential principles and reporting in the context of application of consolidated risk management for a bank that controls subsidiaries is revoked and declared null and void

23. Regulation: 42/SEOJK.03/2017 ([click here 42/SEOJK.03/2017](#))

Date : 19 July 2017

Subject : Pemanfaatan tenaga kerja asing dan program alih pengetahuan di sektor perbankan (Utilization of foreign manpower and programs for transfer of knowledge in the banking sector)

Summary

In this circular, it is explained that the utilization of foreign manpower (TKA) by banks is allowed with consideration to the rapid development of knowledge and technology which affects the products and services in the banking sector, such that there is a need for personnel with special expertise that cannot yet be filled by the Indonesian labour market. In utilizing of foreign manpower, as well as having to comply with the Law concerning Banking or the Law concerning Sharia banking and the implementation provisions issued by the Financial Services Authority (OJK), the bank must also follow the provisions on manpower that are issued by the agencies that deal with manpower as well as other relevant agencies.

Several other matters are discussed in this regulation, among them the following:

- OJK shall determine certain fields of duties that may be filled by TKA with consideration to the needs of the banking industry and the availability and ability of Indonesian manpower.
- A bank that intends to utilize TKA in its business activities must submit a plan for the use of TKA to OJK in the bank's business plan.
- Implementation of transfer of knowledge shall be done through training or teaching by the TKA, especially to the bank's personnel
- At the time that this Financial Services Authority Circular comes into force, Bank Indonesia Circular Number 9/27/DPNP concerning Implementation of utilization of foreign manpower and programs for transfer of knowledge in the banking sector is revoked and declared null and void.

24. Regulation: 41/SEOJK.03/2017 ([click here 41/SEOJK.03/2017](#))

Date : 19 July 2017

Subject : Batas maksimum pemberian kredit bank perkreditan rakyat (Maximum lending limit for smallholder credit banks)

Summary

In this circular, it is explained that Smallholder Credit Banks (BPR), in providing funds, must consider prudential principles, among other matters by diversifying the portfolio of funds provided so that the risk of the provision of the funds is not centralized in a certain borrower or group of borrowers. For the purpose of monitoring the provision of funds, BPR shall submit reports on the Maximum lending Limit (BMPK) periodically to OJK. The BMPK reports are submitted by the head office of the BPR online and cover data of the head office and data of all branch offices of the BPR.

Several matters are discussed in this regulation, among others as follows:

- Calculation of BMPK for credit is done based on the debit balance of all credit received by the borrower concerned.
- The BPR is declared to have committed a Violation of BMPK if there is a positive difference between the percentage of provision of funds at the time of realization relative to the capital of the BPR with the BMPK permitted. The BPR is deemed to be in violation of the BMPK as long as the violation of BMPK has not been resolved.
- Provision of funds by a BPR is categorized as Exceeding BMPK in the event there is a positive difference between the percentage of provision of funds that has been realized

relative to the BPR's capital at the time of the date of the report with the BMPK permitted and is not categorized as Violation of BMPK.

- The BPR shall submit BMPK reports to the Financial Services Authority no later than the 14th of the following month after the end of the reporting month.
- Format and procedure for preparation of BMPK reports and/or correction of BMPK reports.
- Facilities and preparation of reporting
- Address for submission of reports
- Procedure for payment of administrative penalty in the form of fine
- At the time that this Financial Services Authority Circular comes into force, Bank Indonesia Circular Number 11/21/DKBU concerning Maximum lending limit for smallholder credit banks is revoked and declared null and void.

25. Regulation: 40/SEOJK.03/2017 ([click here 40/SEOJK.03/2017](#))

Date : 19 July 2017

Subject : Penetapan penggunaan standar akuntansi keuangan bagi bank perkreditan rakyat (Determination of use of financial accounting standards for smallholder credit banks)

Summary

OJK has issued this circular in order to enhance the transparency of financial conditions of smallholder banks (BPR) and the preparation of financial statements that are relevant, comprehensive, reliable, and comparable. Based on this, BPR shall prepare and present financial statements based on the financial accounting standards that apply to BPR. This circular is also issued in connection with OJK Regulation Number 48/POJK.03/2017 concerning Transparency of financial conditions of smallholder credit banks, so it is necessary to restipulate the implementation provisions concerning determination of use of financial accounting standards for BPR in the form of an OJK circular.

It is explained in this circular that the financial accounting standards that are currently used are PSAK 50 and PSAK 55. However, the application of these two PSAK is not in line with the characteristics of BPR operations and leads to high costs for the BPR compared with the benefits that are obtained. In connection with this matter, BPR shall use the financial accounting standards for entities without public accountability (SAK ETAP), and with the effectiveness of the SAK ETAP as the financial accounting standards applying to BPR, the guidelines on accounting for financial transactions of BPR shall use the guidelines on accounting for smallholder credit banks.

26. Regulation: 39/SEOJK.03/2017 ([click here 39/SEOJK.03/2017](#))

Date : 19 July 2017

Subject : Laporan tahunan dan laporan keuangan publikasi bank perkreditan rakyat rakyat (Annual reports and published financial statements of smallholder credit banks)

Summary

This circular is issued because in connection with the monitoring of the business conditions of smallholder credit banks (BPR) by the public, BPR are required to submit reports and/or information in accordance with the type, time, scope and form stipulated by the OJK. With regard to the content that is contained in the annual reports and financial statements of BPR, the content of this OJK circular discusses it as follows:

- Annual reports must contain at least general information such as composition of management, share ownership, and development of the BPR's business. Annual financial statements that are prepared for one fiscal year shall consist of at least a balance sheet, profit and loss statement of the fiscal year concerned, statement of changes in equity, statement of cash flow, and notes to financial statements
- Published financial statements constitute a combination of the report of the head office of the BPR and of all branch offices of the BPR concerned, and shall be prepared and presented in the form of comparison with the statements for the same period of the previous year
- To fulfil the aspect of transparency, published financial statements shall contain disclosures in accordance with the financial accounting standards that apply for BPR and the accounting guidelines for BPR

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