



New OJK (Otoritas Jasa Keuangan) Regulations

The summary of new OJK regulations

The following is a list of the new OJK regulations. All regulations are available in Indonesian.

New OJK regulations

1. Regulation: 35/POJK.04/2017 ([click here 35/POJK.04/2017](#))
Date : 7 July 2017
Subject : Kriteria dan penerbitan daftar efek syariah (Criteria for and issuance of lists of sharia securities)

Summary

The OJK has issued this regulation as an effort to develop the sharia capital market so that it can grow stably and sustainably, such that it is necessary to develop an adequate market infrastructure. The issuance of this regulation is also an effort to harmonize several OJK regulations relating to the sharia capital market, among others 16/POJK.04/2015 concerning sharia capital market experts, 19/POJK.04/2015 concerning issuance and requirements of sharia mutual funds, and 61/POJK.04/2016 concerning application of sharia principles in the capital market for investment managers.

As refinement of the regulation concerning criteria and issuance of list of sharia securities that previously applied, there are some new provisions added in this OJK regulation, among others:

- Expands the scope of parties that must use the lists of sharia securities specified by OJK
- Expands the scope of types of securities that may be included in the list of sharia securities issued by issuers of lists of sharia securities
- Adds a provision requiring issues of lists of sharia securities to have a Sharia Oversight Board (DPS) which has a Sharia capital market expert (ASPM) license from OJK
- Adds a provision that requires the DPS to ensure fulfilment of sharia principles in the capital market for the sharia securities contained in the list of sharia securities issued by an issuer of sharia securities

2. Regulation: 34/POJK.04/2017 ([click here 34/POJK.04/2017](#))

Date : 3 July 2017

Subject : Reksa dana target waktu (Target date mutual funds)

Summary

The background to the issuance of this regulation is that the significant development of mutual funds in Indonesia has led to an ever higher demand for mutual fund products. It is hoped that mutual funds will not only provide safe and relatively high profits, but also be able to adapt to needs of investors that are specific or change from time to time. It is hoped that target date mutual funds will be able to meet these special needs by offering an investment product that is not tied to the majority of types of securities in its portfolio, but instead refers to a certain future date, or a certain long-term investment objective.

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

- A target date mutual fund has a certain time period up to a specified target date.
- A target date mutual fund is a mutual fund whose investment portfolio is comprised mostly of foreign securities; the composition of the target date mutual fund's investment portfolio or foreign securities shall refer to the Financial Services Authority regulation concerning sharia mutual funds.
- Investment managers that manage target date mutual funds must prepare an investment policy amendment schedule and conduct the management of the investment in line with the policy amendment schedule.
- Investment managers that manage target date mutual funds must state additional information in the prospectus of the target date mutual fund.
- Penalty provision in this regulation: the OJK has the authority to impose administrative penalties on any party that commits a violation.

3. Regulation: 33/POJK.04/2017 ([Click here 33/POJK.04/2017](#))

Date : 21 June 2017

Subject : Pedoman pengelolaan reksa dana berbentuk perseroan (Guidelines for management of a mutual fund in the form of company)

Summary

The background to the issuance of this regulation is the need to restructure the regulations to provide clarity and certainty concerning the regulation of the guidelines for management of mutual funds in the form of companies. Before the establishment of the Financial Services Authority (OJK), regulations relating to the capital market sector were issued by the Capital Market and Financial Institution Oversight Agency (Bapepam-LK), so it is necessary to

convert the Bapepam-LK regulations into OJK regulations. This restructuring is being done so that there are OJK regulations relating to the capital market sector that are in harmony with the OJK regulations for other sectors.

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

- Guidelines on management of mutual funds in the form of company
- Penalty provision in this regulation, whereby the OJK has the authority to impose administrative penalties on any party that commits a violation.
- This regulation comes into force, and decision of the Head of Bapepam No. Kep-13/PM/2002 concerning Guidelines for management mutual funds in the form of companies, together with Regulation No. IV.A.3 which is its attachment, is revoked and declared null and void.

4. Regulation: 32/POJK.04/2017 ([Click here 32/POJK.04/2017](#))

Date : 21 June 2017

Subject : Pedoman kontrak pengelolaan reksa dana berbentuk perseroan (Guidelines for management of contracts of mutual funds in the form of company)

Summary

The background to the issuance of this regulation is the need to restructure the regulations to provide clarity and certainty regarding the regulation of the guidelines for management of contracts of mutual funds in the form of a company. Before the establishment of the Financial Services Authority (OJK), regulations relating to the capital market sector were issued by Capital Market and Financial Institution Oversight Agency (Bapepam-LK), so it is necessary to convert the Bapepam-LK regulations into OJK regulations. This restructuring is being done so that there are OJK regulations relating to the capital market sector that are in harmony with the OJK regulations for other sectors.

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

- Guidelines management of contracts of mutual funds in the form of company
- Penalty provision in this regulation, whereby the OJK has the authority to impose administrative penalties on any party that commits a violation.
- This regulation comes into force, and Decision of the Chairman of Bapepam-LK No. Kep-14/PM/2002 concerning Guidelines management of contracts of mutual funds in the form of company, together with Regulation No. IV.A.4 which is its attachment, is revoked and declared null and void.

5. Regulation: 31/POJK.04/2017 ([Click here 31/POJK.04/2017](#))

Date : 21 June 2017

Subject : Pengeluaran saham dengan nilai nominal berbeda (Issuance of shares with different nominal value)

Summary

The background to the issuance of this regulation is the need to restructure the regulations to provide clarity and certainty concerning the regulation of issuance of shares with different nominal value. Before the establishment of the Financial Services Authority (OJK), regulations relating to the capital market sector were issued by Capital Market and Financial Institution Oversight Agency (Bapepam-LK), so it is necessary to convert the Bapepam-LK regulation into an OJK regulation. This restructuring is being done so that there are OJK

regulations relating to the capital market sector that are in harmony with the OJK regulations for other sectors.

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

- Requirements for issuance of shares with different nominal value, whereby a publicly traded company may issue shares with different nominal values if the market value of the publicly traded company's shares is below the nominal value.
- Penalty provisions in this regulation, whereby the OJK has the authority to impose administrative penalties on any party that commits a violation.
- This regulation comes into force, and Decision of the Chairman of Bapepam-LK No. Kep-432/BL/2010 concerning issuance of shares with different nominal value, together with Regulation No. IX.D.6 which is its attachment, is revoked and declared null and void.

6. Regulation: 30/POJK.04/2017 ([Click here 30/POJK.04/2017](#))

Date : 21 June 2017

Subject : Pembelian kembali saham yang dikeluarkan oleh perusahaan terbuka (Buyback of shares issued by a publicly traded company)

Summary

The background to the issuance of this regulation is the need to restructure the regulations to provide clarity and certainty concerning the regulation of buyback of shares issued by a publicly traded company. Before the establishment of the Financial Services Authority (OJK), regulations relating to the capital market sector were issued by Capital Market and Financial Institution Oversight Agency (Bapepam-LK), so it is necessary to convert the Bapepam-LK regulation into an OJK regulation. This restructuring is being done so that there are OJK regulations relating to the capital market sector that are in harmony with the OJK regulations for other sectors.

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

- Transparency of information, whereby a publicly traded company that performs buyback of shares must announce information concerning the buyback of the shares together with the announcement of the General Shareholders' Meeting (GMS).
- The buyback of shares must be completed no later than 18 (eighteen) months after the date of the GMS that approves the share buyback.
- The publicly traded company must transfer the shares resulting from the buyback.
- Penalty provision in this regulation, whereby the OJK has the authority to impose administrative penalties on any party that commits a violation.
- This regulation comes into force, and Decision of the Chairman of Bapepam No. Kep-105/PM/2010 concerning buyback of shares issued by a share issuer or public company, together with Regulation No. XI.B.2 which is its attachment, is revoked and declared null and void.

7. Regulation: 29/POJK.04/2017 ([Click here 29/POJK.04/2017](#))

Date : 21 June 2017

Subject : Laporan wali amanat (Trustee reports)

Summary

The background to the issuance of this regulation is the need to restructure the regulations to provide clarity and certainty concerning the regulation of trustee reports. Before the establishment of the Financial Services Authority (OJK), regulations relating to the capital

market sector were issued by Capital Market and Financial Institution Oversight Agency (Bapepam-LK), so it is necessary to convert the Bapepam-LK regulation into an OJK regulation. This restructuring is being done so that there are OJK regulations relating to the capital market sector that are in harmony with the OJK regulations for other sectors.

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

- A Trustee, as a party that represents holders of interests in debt securities, must submit reports on activities and important events relating to its trustee activities to the OJK.
- Penalty provision in this regulation, whereby the OJK has the authority to impose administrative penalties on any party that commits a violation.
- This regulation comes into force, and Decision of the Chairman of Bapepam No. Kep-77/PM/1996 concerning Trustee report, together with Regulation No. X.I.1 which is its attachment, is revoked and declared null and void.

8. Regulation: 28/POJK.04/2017 ([Click here 28/POJK.04/2017](#))

Date : 21 June 2017

Subject : Pemeliharaan dokumen oleh wali amanat (Maintenance of documents by trustees)

Summary

This OJK regulation is issued in connection with the OJK's role of regulating and overseeing financial services in the sectors of the capital market, insurance, pension funds, financing institutions, and other financial service institutions. In this regard, it is necessary to restructure the existing regulations, specifically those relating to the capital market sector by converting the regulations of the Capital Market and Financial Institution Oversight Agency relating to the capital market sector into Financial Services Authority regulations. Based on this background, it is necessary to replace the provisions of the laws and regulations in the capital market sector that regulate concerning maintenance of documents by trustees, i.e. number KEP-78/PM/1996.

With regard to maintenance of documents, this regulation clarifies that every trustee must administer, retain and maintain records, books, data, and written information relating to share issuers that use the trustee's services. The documents must be stored in a safe place, separate from those of the bank's other activities, and must be retained for at least five years from the time when all of the issuer's obligations to the holders of debt and/or sukuk securities have been fulfilled.

9. Regulation: 27/POJK.04/2017 ([Click here 27/POJK.04/2017](#))

Date : 21 June 2017

Subject : Pedoman kontrak penyimpanan kekayaan reksa dana berbentuk perseroan (Guidelines for contracts on custody of assets of mutual funds in the form of company)

Summary

This OJK regulation is issued in connection with the OJK's role of regulating and overseeing financial services in the sectors of the capital market, insurance, pension funds, financing institutions, and other financial service institutions. In this regard, it is necessary to restructure the existing regulations, specifically those relating to the capital market sector by converting the regulations of the Capital Market and Financial Institution Oversight Agency relating to the capital market sector into Financial Services Authority regulations. Based on this background, it is necessary to replace the provisions of the legal regulation in

the capital market sector that regulates concerning guidelines for contracts for custody of assets of mutual funds in the form of company, i.e. number KEP-21/PM/1996

It is explained in this regulation that the guidelines for contracts for custody of assets of a mutual fund in the form of company must contain at least the following matters:

- Name and address of custodian bank
- Procedures for sale or buyback of shares, for mutual fund in the form of publicly traded company
- Separation of securities accounts in the name of mutual fund in the form of company
- Obligation to produce and submit reports to investment manager, mutual fund in the form of company, and OJK
- Allows accountants to audit the financial statements and operating procedures of mutual funds in the form of company
- Obligation to provide indemnity to mutual fund in the form of company for any losses or errors relating to securities and funds in the account of the mutual fund in the form of company
- Fees for custodian banks in connection with services provided and fees charged to mutual fund in the form of company, etc.

10. Regulation: 26/POJK.04/2017 ([Click here 26/POJK.04/2017](#))

Date : 21 June 2017

Subject : Keterbukaan informasi bagi emiten atau perusahaan publik yang dimohonkan pernyataan pailit (Transparency of information for issuers or public companies against which bankruptcy declaration is requested)

Summary

This OJK regulation is issued in connection with the OJK's role of regulating and overseeing financial services in the sectors of the capital market, insurance, pension funds, financing institutions, and other financial service institutions. In this regard, it is necessary to restructure the existing regulations, specifically those relating to the capital market sector by converting the regulations of the Capital Market and Financial Institution Oversight Agency relating to the capital market sector into Financial Services Authority regulations. Based on this background, it is necessary to replace the provisions of the laws and regulations in the capital market sector that regulate concerning transparency of information for issuers or public companies against which a bankruptcy declaration is requested, i.e. number KEP-46/PM/1998.

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

- An issuer or public company that defaults in paying its obligations to an unrelated lender must submit a report to OJK and the securities exchange where the securities issuer is listed, no later than 2 working days after the issuer or public company experiences default
- In the case that the issuers or public company is brought to court to be declared bankrupt, the issuer or public company must submit a report concerning this to the OJK and the securities exchange where the securities issuers is listed, no later than 2 working days after the issuer or public company learns of the request for a bankruptcy declaration
- The party that files the request with the court for the bankruptcy declaration against the issuer or public company must submit a report to the OJK and the securities exchange

where the securities issuer is listed, no later than 2 working days after filing the request for bankruptcy declaration

11. Regulation: 25/POJK.04/2017 ([Click here 25/POJK.04/2017](#))

Date : 21 June 2017

Subject : Pembatasan atas saham yang diterbitkan sebelum penawaran umum (Restrictions on shares that are issued before a public offering)

Summary

This OJK regulation is issued in connection with the OJK's role of regulating and overseeing financial services in the sectors of the capital market, insurance, pension funds, financing institutions, and other financial service institutions. In this regard, it is necessary to restructure the existing regulations, specifically those relating to the capital market sector by converting the regulations of the Capital Market and Financial Institution Oversight Agency relating to the capital market sector into Financial Services Authority regulations. This restructuring is being done so that there are Financial Services Authority regulations relating to the capital market sector that are in harmony with the Financial Services Authority regulations for other sectors.

One chapter in this regulation explains about reports and statements in a prospectus, whereby the information in reports and statements in a prospectus must contain at least the following information:

- Name of holder of equity security
- Quantity of equity securities that are held
- Value received by issuer in connection with the issuance of the equity security as well as form of payment and method of valuation
- Date of transaction and/or date of execution or conversion of equity security
- Plans for transfer of ownership of equity security by party such as central government, regional government, or institution that has authority to perform bank restructuring within the next 8 months after the registration statement to become a security

12. Regulation: 36/SEOJK.03/2017 ([Click here 36/SEOJK.03/2017](#))

Date: 11 July 2017

Subject: Tata cara penggunaan jasa akuntan publik dan kantor akuntan publik dalam kegiatan jasa keuangan (Procedure for use of services of public accountants and public accounting firms in financial service activities)

Summary

This circular is issued in connection with the issuance of OJK regulation number 13/POJK.03/2017 concerning use of services of public accountants and public accounting firms in financial service activities, also known as POJK AP dan KAP, such that it is necessary to stipulate implementation provisions concerning the procedures for use of services of public accountants and public accounting firms in financial service activities in the form of an OJK circular.

Several matters that are discussed in this circular are as follows:

- The appointment of Public Accountants (AP) and/or Public Accounting Firms (KAP) as well as the role of the audit committee, whereby the appointment of an AP and/or KAP which is the recommendation of the audit committee must consider matters such as independence of the AP, KAP, and persons in the KAP, consider the scope of the audit,

compensation for audit services, expertise and experience of the AP, KAP, and audit team of the KAP, audit methodology, techniques, and facilities used by the KAP, potential risks from use of audit by the same KAP consecutively for a rather long time, etc.

- Work agreement and scope of audit, whereby in accordance with POJK AP dan KAP, the work agreement may state the scope of the audit. Specifically for a bank, the work agreement must state the scope of the audit
- Certification and continuing professional education programs
- Administrative management of AP and/or KAP, which covers activities of registration, change of scope of services, temporary suspension of services, reactivation, and resignation
- List of AP and KAP at OJK and publication on the OJK website, which shall provide at least information such as active AP and KAP, temporarily inactive AP and KAP, and permanently inactive AP and KAP
- Independence of AP and KAP from parties that carry on financial service activities
- Reports to OJK, consisting of reports on provision of services by KAP, and incidental reports of AP

13. Regulation: 35/SEOJK.03/2017 ([Click here 35/SEOJK.03/2017](#))

Date : 7 July 2017

Subject : Pedoman standar sistem pengendalian intern bagi bank umum (Guidelines for standards of internal control systems for commercial banks)

Summary

This circular is issued in connection with the coming into force of OJK regulation number 18/POJK.03/2016 concerning application of risk management for commercial banks, and OJK regulation number 65/POJK.03/2016. The objective of this guideline is to ensure that all the business activities of a bank have been carried out in accordance with the provisions of the laws and regulations issued by the government and by the OJK. In addition, to provide financial and management information that is complete, accurate, appropriate and timely which is needed for the purpose of correct and accountable decision making.

This regulation also mentioned the main components that comprise the guidelines for standards of internal control systems for commercial banks, i.e.:

- Management oversight and control culture, which are the responsibility of the directors and board of commissioners
- Identification and evaluation of risks, which is a series of actions performed by the directors for the purpose of identification, analysis, and evaluation of the risks faced by the bank in the context of achieving its specified targets
- Activities of control and separation of functions, in which control activities include determination of control policies and procedures as well as processes of early verification so that the control policies and procedures are consistently complied with. Meanwhile, separation of functions is intended so that no person in his/her position has the opportunity to perpetrate and conceal errors or deviations in the performance of duties
- Accounting, information and communication systems. These are to identify problems that might arise and to be used as a means of exchanging information for the purpose of performance of duties in accordance with the respective responsibilities
- Monitoring activities and corrective action against deviations. Monitoring is conducted continuously on the overall effectiveness of implementation of internal controls

14. Regulation: 34/SEOJK.03/2017 ([Click here 34/SEOJK.03/2017](#))

Date : 7 July 2017

Subject : Transparansi informasi suku bunga dasar kredit (Transparency of information prime lending rates)

Summary

OJK has issued this circular in connection with the coming into force of OJK regulation number 6/POJK.03/2015 concerning transparency and publication of bank reports, as amended by OJK regulation number 32/POJK.03/2016, and also in connection with the provisions of the laws and regulations on transparency of information on bank products and use of customers' personal data, as well as with the transfer of the functions, duties, and authority for regulation and oversight of financial services in the banking sector from Bank Indonesia to OJK, such that it is necessary to stipulate implementation provisions concerning transparency of information on prime lending rates.

As well as discussing general provisions, this circular also clarifies matters relating to the prime lending rate (SBDK), and reporting of publication SBDK. There are also several other clarifications, as follows:

- SBDK is the lowest interest rate reflecting reasonable costs expended by a bank including the expected profit.
- SBDK is calculated each year in the form of a percentage (%); the calculation is done based on the cost of funds for credit, overhead expenses, and profit margin, and applies for ally types of credit such as corporate loans, micro loans, and consumer loans
- Reporting on SBDK is submitted to OJK monthly and contains details of the calculation for each component of SBDK, type of credit, components of estimates of risk premiums, loan interest rates.
- Publication of SBDK reports, which is done through a notice board at each office of the bank, the homepage of the bank's website, and a printed daily Indonesian-language newspaper with wide circulation.

15. Regulation: 33/SEOJK.03/2017 ([Click here 33/SEOJK.03/2017](#))

Date : 7 July 2017

Subject : Persyaratan bank umum untuk melakukan kegiatan valuta asing (Requirements for commercial banks to engage in foreign currency activities)

Summary

This circular is issued in connection with OJK regulation number 6/POJK.03/2016 concerning business activities and office network based on banks' core capital, OJK regulation number 18/POJK.03/2016 concerning application of risk management for commercial banks, and also several other OJK regulations, as well as in in connection with the transfer of the functions, duties and authority for regulation and oversight of financial services in the banking sector from Bank Indonesia to OJK, such that it is necessary to stipulate implementation provisions concerning requirements for commercial banks to engage in business activities in foreign currency.

Generally, the content of this OJK circular provides explanation concerning:

- Business activities in foreign currency, whereby the scope of business activities in foreign currency refers to the business activities that may be conducted by each Business Category of Commercial banks (BUKU) and that has received approval from OJK
- Requirements and approval for business activities in foreign currency, including requirements for a bank's financial soundness bank, and banks' core capital of at least Rp1.000.000.000.000,00 (one trillion rupiah), as well as that a bank that submits a request to engage in foreign currency business activities must state such planned business activities in the Bank Business Plan Bank (RBB)
- Decline of core capital and revocation of OJK approval for business activities in foreign currency
- Treatment of banks that engage in amalgamation, merger, conversion, and spinoff, whereby for a bank that performs amalgamation there is one bank that receives approval for foreign currency business activities before the amalgamation is conducted, and has fulfilled the requirements on core capital.
- Transitional provisions, explaining among other matters that a bank owned by a regional government and which has a permit to conduct business activities in foreign currency but has not yet fulfilled the capital adequacy obligation may increase its core capital no later than the end of June 2018

16. Regulation: 32/SEOJK.03/2017 ([Click here 32/SEOJK.03/2017](#))

Date : 22 June 2017

Subject : Penerapan program anti pencucian uang dan pencegahan pendanaan terorisme di sektor perbankan (Application of anti-money laundering and prevention of terrorism funding programs in the banking sector)

Summary

This regulation is issued in connection with OJK regulation number 12/POJK.01/2017 concerning application of anti-money laundering and prevention of terrorism funding programs in the financial services sector, such that it is necessary to stipulate further concerning application of the Anti-Money Laundering (APU) and Prevention of Funding of Terrorism (PPT) programs in the banking sector, in the form of an OJK circular.

Several matters are explained in this circular, as follows:

- Active oversight by the directors and board of commissioners, starting with determination of policy and procedures concerning application of APU and PPT program, formation of special work unit as party in charge of application of APU and PPT programs, etc.
- Policies and procedures, relating to identification and verification of prospective customers or walk-in customers (WIC), identification and verification of beneficial owners, termination of business relationship or refusal of transactions, etc.
- Internal controls in the context of application of APU and PPT programs implemented by the Internal audit work unit (SKAI)
- Management information system to identify suspicious financial transactions using parameters that are adjusted periodically and with attention to complexity of business, volume of transactions, and the bank's risks
- Human resources and training, carried out by the bank through screening procedures when accepting new personnel, knowing and monitoring of personnel profiles guided by the provisions that regulate concerning application of anti-fraud strategy

- Reporting, produced in the form of reports to OJK on updating of data and reports on realization of updating of data, as well as reports to PPATK concerning suspicious financial transactions

17. Regulation: 29/SEOJK.05/2017 ([Click here 29/SEOJK.05/2017](#))

Date : 13 June 2017

Subject : Laporan aktuaris tahunan perusahaan asuransi, perusahaan reasuransi, perusahaan asuransi syariah, dan perusahaan reasuransi syariah (Annual actuary reports of insurance companies, reinsurance companies, sharia insurance companies, and sharia reinsurance companies)

Summary

This circular is issued in connection with the mandate of the provision of article 44 paragraph (8) of OJK regulation number 71/POJK.05/2016 and article 45 paragraph (8) of OJK regulation number 72/POJK.05/2016, such that it is necessary to stipulate implementation provisions concerning the form and arrangement of annual actuary reports of insurance companies, reinsurance companies, sharia insurance companies, and sharia reinsurance companies in the form of an OJK circular. Broadly, the content of this circular discusses several matters, among others:

- General provisions, which provides definitions of the companies in this circular, and also definitions of the liabilities relating to the laws and regulations in the field of insurance
- Form and arrangement of annual actuary reports
- The executive summary section shall contain the purpose of preparation of the report, scope of the report, summary of changes occurred since the last report, main conclusions of the report, including estimation of the company's ability to fulfil future obligations and recommendations made by the actuary to the directors
- In the quality of data section, the company's actuary must explain about completeness of data, reliability of data, procedures undertaken to confirm completeness and reliability of data, including methods used and weaknesses of the data
- Business overview of the company, in which the company's actuary must provide a description concerning general information on the company, consisting of structure and operations of the company, including lines of business or products that are marketed, target market, and distribution channels that are used
- Level of financial health and adequacy of capital, containing analysis on financial soundness and adequacy of capital, projections of financial soundness and adequacy of capital, analysis of the company's access to needed capital, analysis of the company's risks relating to formation of non-investment assets
- Determination of prices of premium or contributions and profitability, containing policies on prices of premiums or contributions, review of pricing policy, distribution of profits, etc.

18. Regulation: 28/SEOJK.05/2017 ([Click here 28/SEOJK.05/2017](#))

Date : 13 June 2017

Subject : Pedoman pembentukan penyisihan teknis bagi perusahaan asuransi dan perusahaan reasuransi dengan prinsip syariah (Guidelines on formation of technical reserve for insurance companies and reinsurance companies with sharia principles)

Summary

This circular is issued in connection with OJK regulation number 72/POJK.05/2016, specifically the provision of article 29 concerning financial soundness of insurance companies and reinsurance companies with sharia principles, such that it is necessary to stipulate implementation provisions concerning guidelines for formation of technical reserve for insurance companies and reinsurance companies with sharia principles in the form of an OJK circular.

As explained in this circular, with the coming into force of regulation number 28/SEOJK.05/2017, the previous circular number 10/SEOJK.05/2015 is declared no longer effective. In addition, with regard to formation of technical reserve, this regulation provides the following explanation:

- Formation of *tabarru'* technical reserve funds and *tanahud* funds for includes provision for contributions of *tabarru'* and *tanahud*, provision for contributions of *tabarru'* that have not yet become revenue or right to provision for claim, and provision for disaster risk (catastrophic reserve)
- Formation of technical reserve funds for a company includes provision of *ujrah* and provision for Investment-Linked insurance Products (PAYDI) that provide a guarantee for the principal of investments
- Formation of a company's technical reserve fund shall be calculated based on the guidelines for formation of technical reserve as mentioned in the attachment to this circular.

19. Regulation: 27/SEOJK.05/2017 ([Click here 27/SEOJK.05/2017](#))

Date : 13 June 2017

Subject : Pedoman pembentukan cadangan teknis bagi perusahaan asuransi dan perusahaan reasuransi (Guidelines on creation of technical reserve for insurance companies and reinsurance companies)

Summary

This circular is issued in connection with OJK regulation number 71/POJK.05/2016, specifically the provision of article 22 concerning financial soundness of insurance companies and reinsurance companies, such that it is necessary to stipulate implementation provisions concerning guidelines on creation of technical reserve for insurance companies and reinsurance companies in the form of an OJK circular.

As explained in this circular, with the coming into force of regulation number 27/SEOJK.05/2017, the previous circular number PER-09/BL/2012 was declared no longer effective. In addition, with regard to creation of technical reserve, this regulation provides the following explanation:

- Creation of a company's technical reserve includes reserve for premium, reserve for Investment-Linked Insurance Products (PAYDI), reserve for claim, and reserve for disaster risks (catastrophic reserve)
- In this regulation it is clarified that the reserve for PAYDI consists of reserve for cumulated funds for non-guaranteed PAYDI, reserve for the guaranteed investment element of PAYDI, reserve for the protection element of PAYDI and other benefits promised by the PAYDI, etc.
- With regard to the reserve for claims, the technical reserve in the form of claim reserve shall be calculated at least in the total amount of reserve for claims that are in process

of settlement, reserve for claims that have occurred but have not yet been reported, and reserve for claims that are approved and the benefit is not paid at once

- With regard to the reserve for disaster risks, and what may be done if a company does not obtain reinsurance coverage for disaster risks, and/or reinsurance coverage for disaster risks performed by the company to cover the disaster risks that are faced

20. Regulation: 26/SEOJK.05/2017 ([Click here 26/SEOJK.05/2017](#))

Date : 13 June 2017

Subject : Persetujuan penempatan investasi dan bukan investasi pada perusahaan asuransi, perusahaan reasuransi, perusahaan asuransi syariah, dan perusahaan reasuransi syariah (Approval for placement investment and non-investment for insurance companies, reinsurance companies, sharia insurance companies, and sharia reinsurance companies)

Summary

This OJK circular is issued in connection with OJK regulation number 71/POJK.05/2016 article 12 paragraph (5) and article 17 paragraph (3), and also OJK regulation number 72/POJK.05/2016 article 20 paragraph (5) and article 24 paragraph (4), such that it is necessary to stipulate provisions relating to insurance companies, reinsurance companies, sharia insurance companies, and sharia reinsurance companies in the form of an OJK circular.

Several matters are explained in this circular, as follows:

- Placement of investment that must obtain approval from OJK if the company will make placement of an investment that exceeds the limits.
- Procedure for application and approval for placement of investment that must obtain approval from OJK. The approval for placement of a company's investment that exceeds the limits if the investment is placed in direct participation in a financial service institution that has received a permit from OJK, a party affiliated with the company, etc.
- Assets that are permitted in the form of non-investment that must obtain approval from OJK; the types of assets that may be used are assets deriving from long-term contracts for capital support reinsurance programs, deferred acquisition costs, etc.
- Procedure or application and approval of assets that are permitted in the form of non-investment that must obtain approval from OJK; the assets for which the request is submitted to OJK are assets derived from long-term contracts for capital support reinsurance programs, and/or deferred acquisition costs.

21. Regulation: 25/SEOJK.05/2017 ([Click here 25/SEOJK.05/2017](#))

Date : 13 June 2017

Subject : Pedoman perhitungan jumlah dana tabarru' dan dana tanahud minimum berbasis risiko dan modal minimum berbasis risiko bagi perusahaan asuransi dan perusahaan reasuransi dengan prinsip syariah (Guidelines for calculation of amount of minimum risk-based *tabarru'* funds and *tauhid* funds and minimum risk-based capital for insurance companies and reinsurance companies with sharia principles)

Summary

This circular is issued in connection with OJK regulation number 72/POJK.05/2016, specifically in article 12 paragraph (4) concerning financial soundness of insurance companies and reinsurance companies with sharia principles, such that it is necessary to stipulate implementation provisions concerning guidelines for calculation of the amount of minimum risk-based *tabarru'* funds and *tanahud* funds and minimum risk-based capital for

insurance companies and reinsurance companies with sharia principles in the form of an OJK circular.

As well as general provisions which provides explanation concerning the definitions of sharia insurance company, sharia unit, sharia reinsurance company, etc., this circular also explains about calculation of minimum risk-based *Tabarru'* fund (DTMBR) and Minimum risk-based capital (MMBR) as follows:

- DTMBR and MMBR for a company are determined based on the amount of risk of loss that could be incurred as a result of deviation in management of assets and liabilities in the management of *tabarru'* funds and the company's funds.
- Calculation of the amounts of funds as mentioned in point 1 must be done based on the guidelines as mentioned in the attachment, which is an inseparable part of this OJK circular

22. Regulation: 24/SEOJK.05/2017 ([Click here 24/SEOJK.05/2017](#))

Date : 13 June 2017

Subject : Pedoman perhitungan jumlah modal minimum berbasis risiko bagi perusahaan asuransi dan perusahaan reasuransi (Guidelines for calculation of amount of minimum risk-based capital for insurance companies and reinsurance companies)

Summary

This OJK circular is issued in connection with the mandate of OJK regulation number 71/POJK.05/2016 in article 4 paragraph (3) concerning financial soundness insurance companies and reinsurance companies, such that it is necessary to stipulate implementation provisions concerning guidelines for calculation of the amount of minimum risk-based capital (MMBR) for insurance companies and reinsurance companies in the form of an OJK circular.

Apart from general provisions which provide the definitions of insurance company, reinsurance company, liability, solvency level, etc., the content of this circular also discusses the calculation of minimum risk-based capital, and several other provisions, as follows:

- MMBR for a company is determined based on the amount of risk of loss that could be incurred as a result of deviations in management of assets and liabilities
- Calculation of the amount of funds is done based on the guidelines for calculation of the amount of MMBR, as mentioned in the attachment to this regulation
- Each type of Permitted Asset (AYD) in the form of investment that is calculated in this OJK circular is also a type of investment using sharia principles
- This OJK circular does not apply to sharia insurance companies and sharia reinsurance companies or sharia units of insurance companies and reinsurance companies

23. Regulation: 23/SEOJK.05/2017 ([Click here 23/SEOJK.05/2017](#))

Date : 13 June 2017

Subject : Dasar penilaian aset dalam bentuk investasi dan bukan investasi bagi perusahaan asuransi dan perusahaan reasuransi dengan prinsip syariah (Basis for valuation of assets in the form of investment and non-investment for insurance companies and reinsurance companies with sharia principles)

Summary

This regulation is issued in connection with the mandate of provisions of article 13 paragraph (5), article 24 paragraph (4), and article 33 paragraph (5) of OJK regulation number 72/POJK.05/2016 concerning financial soundness of insurance companies and

reinsurance companies with sharia principles, such that it is necessary to stipulate implementation provisions concerning basis for valuation of assets in the form of investment and non-investment for insurance companies with sharia principles in the form of an OJK circular. Several matters are explained in this circular:

- General provisions, which provides definitions of sharia insurance company, sharia unit, sharia reinsurance company, sharia medium term notes (MTN), etc.
- The basis for valuation of assets in the form of investment of insurance companies and reinsurance companies with sharia principles, whereby the basis for such valuation is such as time deposits of sharia commercial banks, sharia business units of commercial banks, also certificates of deposit of sharia commercial banks, sharia shares, sukuk or sharia bonds, sharia mutual funds, etc.
- The basis for valuation of assets in the form of non-investment of insurance companies and reinsurance companies with sharia principles, whereby the basis for such valuation consists of cash and bank based on nominal value, billing for contributions of *tabarru'*, billing for *ujrah* direct coverage, billing for claims, billing for investment, etc.
- The basis for valuation of assets in the form of investment and non-investment that derive from participants investment funds

24. Regulation: 22/SEOJK.05/2017 ([Click here 22/SEOJK.05/2017](#))

Date : 13 June 2017

Subject : Dasar penilaian aset dalam bentuk investasi dan bukan investasi bagi perusahaan asuransi dan perusahaan reasuransi (Basis for valuation of assets in the form of investment and non-investment for insurance companies and reinsurance companies)

Summary

This regulation is issued in connection with the mandate of the provisions of article 5 paragraph (5), article 17 paragraph (3), and article 27 paragraph (5) of OJK regulation number 71/POJK.05/2016 concerning financial soundness insurance companies and reinsurance companies, such that it is necessary to stipulate implementation provisions concerning the basis for valuation of assets in the form of investment and non-investment for insurance companies and reinsurance companies in the form of an OJK circular. Several matters are discussed in this circular:

- General provisions, which provides definitions of insurance company, reinsurance company, medium term notes (MTN), etc.
- The basis for valuation of assets in the form of investments at insurance companies and reinsurance companies, whereby the basis for such valuation is such as time deposits at banks, BPR, and BPRS, also certificates of deposit in banks based on cash value, shares, marketable securities issued by the state, mutual funds, etc.
- The basis for valuation of assets in the form of non-investment of insurance companies and reinsurance companies, whereby the basis for such valuation consists of cash and bank based on nominal value, claims for direct coverage premiums, claims for reinsurance premiums based on remaining value of claim, deferred acquisition costs, etc.
- The basis for valuation of assets in the form of investment and non-investment that derives from investment-linked insurance products

25. Regulation: 21/SEOJK.03/2017 ([Click here 21/SEOJK.03/2017](#))

Date : 6 June 2017

Subject : Penerapan manajemen risiko dalam penggunaan teknologi informasi oleh bank umum (Application of risk management in use of information technology by commercial banks)

Summary

This OJK circular is issued in connection with the coming into force of OJK regulation number 38/POJK.03/2016 concerning application of risk management in the use of information technology by commercial banks, such that it is necessary to stipulate implementation provisions concerning this matter in the form of a circular. Generally, the content of this circular discusses general provisions, guidelines for risk management in the use of information technology, reporting, and requests for approval.

In connection with the guidelines for risk management in the use of information technology, this circular explains as follows:

- A Bank must have policies, standards, and procedures for the use of information technology, consistently and continuously
- The policies, standards, and procedures for the use of information technology shall cover at least the aspects of management, development and procurement, operations of information technology, communication network, safeguarding of information, electronic banking services, provision of information technology services by the bank, etc.
- The aspects of policies, standards, and procedures on the use of information technology must be applied by the bank to mitigate risks related to the operation of information technology
- In the application of risk management in the use of information technology, the bank must submit several reports, such as reports on the latest conditions of use of information technology, reports on planned development of information technology to be implemented in the coming one year, reports on realization, incident reports on critical events, misuse, and/or crime in the operation of information technology, and reports on the result of information technology audits

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