



New Financial Services Authority (OJK) & Banking Regulations

Summary of the New Financial Services Authority (OJK) & Banking Regulations

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

New Financial Services Authority (OJK) Regulations

1. Regulation: 1/POJK.05/2018 ([click here 1/POJK.05/2018](#))
Date : 28 February 2018
Subject : Financial soundness for Insurance Companies in the form of Joint Venture Legal Entity

Summary

This Financial Services Authority Regulation is produced in the hope that insurance companies in the form of Joint Venture Legal Entity in carrying on their operational activities, particularly in maintaining the company's financial soundness, will do so in accordance with the regulations that have been stipulated.

This regulation, which consists of 57 articles, broadly discusses the following matters:

- Financial soundness; this rule requires companies to constantly fulfil the requirements on level of. The measurement of a company's financial soundness includes among other matters:

- a. Solvency level,
- b. Technical reserve,
- c. Adequacy of investment,
- d. Liquidity level,
- e. Coverage fund, and
- f. other provisions relating to financial soundness
- Investment linked insurance products (PAYDI) issued by a Company; a Company that markets PAYDI must separate the recording of assets and liabilities deriving from PAYDI from the assets and liabilities deriving from other insurance products,
- Derivative transactions; a company that conducts derivative transactions or has derivative instruments must follow the applicable requirements and provisions,
- Liquidity; a company must at all times fulfil a Liquidity level of at least 100%,
- Coverage fund; the company must form a coverage fund in accordance with the applicable provisions, covering the process of creation, administration, and changes,
- Submission of periodic reports; a company must produce its financial statements in accordance with the prevailing provisions, covering the processes of preparation, submission, and publication,
- Financial restructuring plan; a company that fails to satisfy the targets stipulated in this regulation must take steps for financial restructuring in accordance with the applicable provisions,
- Penalties; and
- Transitional provisions.

2. Regulation: 4/SEOJK.05/2018 ([click here 4/SEOJK.05/2018](#))

Date : 25 January 2018

Subject : Reports on Application of Good Governance for Venture Capital Companies

Summary

This circular is issued in connection with the mandate of the provision of Article 42 paragraph (3) Financial Services Authority Number 36/POJK.05/2015 concerning Good corporate Governance for Venture Capital Companies. The objective is that the form and composition of reports on application of good corporate governance can be done in accordance with the applicable requirements and provisions, for both venture capital companies and sharia venture capital companies.

In addition, this circular also explains matters such as:

- Matters relating to the principles of good corporate governance,
- Form of report on application of good corporate governance,
- Forms of transparency on application of reports on good corporate governance,
- Forms of self-assessment concerning application of reports on good corporate governance,
- Action plan to refine application of reports on good corporate governance,
- Time for submission of application of reports on good corporate governance, and
- Procedure for application of reports on good corporate governance.

3. Regulation: 5/SEOJK.05/2018 ([click here 5/SEOJK.05/2018](#))

Date : 25 January 2018

Subject : Reports on Result of Oversight by Sharia Oversight Board of Pension Funds that Conduct Pension Programs based on Sharia Principles

Summary

This circular is issued in connection with the mandate of the provision of Article 25 paragraph (5) of Financial Services Authority Number 33/POJK.05/2016 concerning Operation of Pension Programs Based on Sharia Principles, with the objective of stipulating provisions concerning reports on results of oversight by sharia oversight boards in pension funds that operate pension programs based on sharia principles.

In addition, this circular also explains matters such as:

- Content and format of report on result of oversight by a sharia oversight board, and
- Provisions and procedures for submission of reports.

4. Regulation: 6/SEOJK.04/2018 ([click here 6/SEOJK.04/2018](#))

Date : 1 March 2018

Subject : Operation of Continuing Education Programs for Holders of Sharia Capital Market Expert Licenses

Summary

This circular is issued in connection with the provision of Article 18 of Financial Services Authority Number 16/POJK.04/2015 concerning Sharia Capital Market Experts. Its objective is to stipulate provisions regarding Operation of continuing education programs for holders of Sharia Capital Market Expert Licenses.

In addition, this circular also explains matters such as:

- Parties that may be operators of continuing education programs,
- Forms of operation of continuing education programs,
- Requirements and procedures for submission for request for recognition as an operator of continuing education programs,
- Obligations of operators of continuing education programs,
- Obligations of participants in continuing education programs,
- Audits of operation of continuing education programs, and
- Revocation of recognition of a party as an operator of continuing education programs.

5. Regulation: 7/SEOJK.05/2018 ([click here 7/SEOJK.05/2018](#))

Date : 7 March 2018

Subject : Financial Soundness Level of Venture Capital Companies

Summary

This circular is issued in connection with the mandate of the provisions of Article 28 paragraph (3), Article 29 paragraph (3), Article 30 paragraph (2), and Article 32 paragraph (4) of Financial Services Authority Number 35/POJK.05/2015 concerning Business Operations of Venture Capital Companies. The objective is to regulate the financial soundness level of venture capital companies.

In addition, this circular also explains matters such as:

- Quality of productive assets, in the form of share participation, convertible/ sharia bonds, financing of productive enterprises, and financing based on profit sharing principles,
- Reserve for write-off of productive assets,
- Procedure for evaluation of profitability factors,
- Procedure for measurement of level of financial soundness, and
- Verification and validation by the Financial Services Authority.

New Banking Regulations

1. Regulation: 20/02/PBI/2018 ([click here 20/02/PBI/2018](#))

Date : 5 March 2018

Subject : Amendment of Bank Indonesia Regulation Number 19/7/PBI/2017 concerning Carrying Foreign Paper Money into and out of the Indonesian Customs Territory

Summary

The purpose of the issuance of this regulation is to revise the penalties for violation of the Bank Indonesia Regulation (PBI) on Carrying Foreign Paper Money (UKA), from prevention to penalties in the form of fines in order to be in harmony with the enforcement of the penalties stipulated in other laws and regulations that stipulate concerning carrying of cash into and out of the Indonesian customs territory. It also clarifies the norms stipulated in the PBI on Carrying UKA, including by adding examples in the elucidation of the PBI in order to ease understanding of the provisions on Carrying Foreign Paper Money.

The main matters amended in this PBI on Carrying Foreign Paper Money (UKA) are as follows:

- Change in the penalties for violation of the PBI on Carrying UKA,
- Norms for regulation of penalties of fines based on the PBI,
- Mechanism for imposition of fines,
- Fines imposed for violation of the PBI on Carrying UKA shall be deposited to the State Treasury in the Other customs account,
- Exchange rate to be used in connection with the PBI on Carrying UKA,
- Adjustment of the validity period of the provisions of the PBI on Carrying UKA, and
- Additional reporting obligation for a Licensed Entity for activities of Carrying UKA into and out of the Indonesian customs territory.

2. Regulation: 20/02/PADG/2018 ([click here 20/02/PADG/2018](#))

Date : 1 March 2018

Subject : Regulation of the Board of Governors Number 20/2/PADG/2018 concerning Procedure for Use of Intraday Liquidity Facility (FLI)

Summary

The purpose of the issuance of this regulation is to refine the provisions relating to the procedure for use of the FLI for Banks Participating in the BI-RTGS System which supports smooth Fund Settlement, particularly in overcoming problems of intraday liquidity mismatch.

The main rules amended in this PADG include:

- Requirements for Banks Participating in the BI-RTGS System to obtain FLI and provision of marketable securities,
- Procedure for use of FLI,
- Mechanism for settlement of FLI,
- FLI that is not settled will be treated as a lending facility or financing facility transaction.

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