



Financial Services Authority (OJK) & Banking Regulations Update

The 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: [26/POJK.01/2019](#)
Date : 24 October 2019
Regarding : Perizinan Secara Elektronik di Sektor Jasa Keuangan
(*Electronic Licensing in the Financial Services Sector*)

Summary:

In order to increase the effectivity of integrated licensing implementation in the financial services sector, it is necessary to build a reliable and transparent licensing system to integrate the entirety of licensing process in the financial services sector. This regulation regulates the matters below:

1. General provisions
2. Procedures for electronic licensing in the financial services sector, which consists of:
 - o Procedures for the application of electronic licensing in the financial services sector;
 - o Use of access right;
 - o Process of electronic licensing in the financial services sector;

- Electronic signature;
- 3. Force majeure.
- 4. Transitional provisions.
- 5. Closing provisions.

2. Regulation: [25/POJK.03/2019](#)

Date : 15 October 2019

Regarding : Pelaporan Informasi Nasabah Asing Terkait Perpajakan kepada Negara Mitra atau Yurisdiksi Mitra
(*Reporting Information of Foreign Customers related to Taxes to Counterpart States or Counterpart Jurisdictions*)

Summary:

This regulation supports the implementation of automatic exchange of financial information (AEOI) by Financial Service Institutions (*Lembaga Jasa Keuangan/LJK*) in banking sector, stock market, and insurance. The role of Financial Service Institutions in the AEOI implementation is to deliver report of foreign customers' information to Directorate General of Tax (*Direktorat Jenderal Pajak/DJP*) through Financial Services Authority (*Otoritas Jasa Keuangan/OJK*).

This regulation covers the following matters:

1. General provisions;
2. The obligation to submit the report according to Law Number 9 of 2017 (UU 9/2017), which consists of:
 - The scope of Financial Service Institutions report;
 - The scope of financial information that is reported; and
 - Submission of zero report.
3. The procedures for submitting report, which consists of:
 - Online report submission;
 - Report submission deadline;
 - Assigning the person in charge of report;
 - Registration in the reporting system for information of foreign customers; and
 - Correcting misinformation in report.
4. Imposition of sanctions; and
5. Closing provisions.

3. Regulation: [19/SEOJK.05/2019](#)

Date : 25 October 2019

Regarding : Investasi Penyertaan Langsung Dana Pensiun
(*Direct Participation Investment of Pension Funds*)

Summary:

In connection with the mandate of Financial Services Authority's provision regarding Pension Fund Investment, it is necessary to regulate the implementation provisions regarding pension fund that can make direct participation investment in Indonesia for more than 15% of the total pension fund investment. Investment placement for direct participation investment in Indonesia shall be carried out in shares that are issued by limited companies established under Indonesian law and the shares are not listed in Indonesia stock exchange or in abroad for a long term investment or 5 years for the shortest.

This regulation also regulates the limit of direct participation investment in Indonesia as follows:

1. Direct investment in Indonesia is prohibited from exceeding 15% of the total investment in pension fund, but can exceed 15% provided that the investment is

directed to direct investment in an investee, obtaining Financial Services Authority's approval and at most 25% from the total pension fund investment.

2. Pension fund that will make direct participation investment in Indonesia for more than 15% of the total pension fund investment by having to fulfil several conditions.
3. In doing valuation procedure, pension fund can use services of independent valuation profession registered in Financial Services Authority. Pension fund deliver request of agreement for direct participation investment for more than 15% from the total of pension fund investment by enclosing the required documents.
4. Pension fund should submit a statement letter from the management/executives of pension fund that guarantee the validity of data and information submitted to request direct participation investment agreement in Indonesia for more than 15% from the total of pension fund investment.
5. Pension fund shall realize the placement plan of direct participation investment in Indonesia for more than 15% from the total of pension fund investment no later than 6 months from the agreement of direct participation investment in Indonesia for more than 15% given by Financial Services Authority and shall submit the report no later than 7 working days after the participation investment is done by containing information.

New Banking Regulation

1. Regulation: [PP 71 Tahun 2019](#)

Date : 10 October 2019

Regarding : Penyelenggaraan sistem dan transaksi elektronik
(Administration of electronic system and transaction)

Summary:

The rapid development of information technology to encourage the growth of digital economy and to uphold the country's sovereignty over electronic information in the territory of Republic of Indonesia, therefore it is necessary to thoroughly regulate the use of information technology and electronic transaction. Government Regulation Number 82 of 2012 concerning Administration of Electronic System and Transactions is no longer in accordance with the development of the community legal needs therefore it needs to be revoked.

This regulation covers the following matters:

1. General provisions.
2. Administration of electronic system, which consists of:
 - Administration of public electronic system.
 - Administration of private electronic system.
3. Administration of electronic agents.
4. Administration of electronic transactions.
5. Administration of electronic certifications.
6. Trustworthy Certification Institution is formed by professionals, which include at least the professions below:
 - Information technology consultant.
 - Information technology auditor.
 - Legal counsel in the field of information technology.
7. Domain name management, in which including:
 - Generic high-level domain name.
 - Indonesia high-level domain name.
 - Second-level Indonesia domain name.
 - Derivative-level Indonesia domain name.
8. The government's role in administration of electronic system and transactions.

9. Administrative sanctions.
10. Transitional provisions.
11. Closing provisions.

2. Regulation: [21/20/PADG/2019](#)
Date : 31 October 2019
Regarding : Systematic Internalisers

Summary:

Systematic Internaliser is a bank that provides certain facilities that are used in performing transactions in money market and/or foreign exchange market under their own account with users. As the provider of electronic-based transactions system facility, Systematic Internalisers are obliged to own good governance and risk management to encourage the establishment of Money Market and Foreign Exchange Market with integrity, fairness, orderliness, transparent, liquid, and efficient. In relation to that matter, Bank Indonesia issued a technical regulation for Systematic Internalisers.

This regulation regulates several important matters as follows:

1. Systematic Internalisers is obliged to acquire operational license from Bank Indonesia.
2. Bank Indonesia visits the location of Systematic Internalisers (on site visit) to ensure operational readiness.
3. Processing operational license is conducted within a certain period of time after the document is stated as complete.
4. The scope of the instrument and transaction types that are offered by Systematic Internalisers.
5. Systematic Internalisers who will make change to the types of instruments, transactions, and/or electronic system shall submit the applications for changes to Bank Indonesia.
6. The obligations of Systematic Internalisers
7. Bank Indonesia supervises the Systematic Internalisers with indirect supervision and/or inspection, which in its implementation can assign other parties.
8. Bank Indonesia evaluates the operational license given to Systematic Internalisers and allowed to revoke the license based on the evaluation result.
9. Bank Indonesia revokes operational license in the event that Systematic Internalisers have their license as Bank revoked by the authorized authority and there is a request from the Systematic Internalisers themselves.
10. In the event that Systematic Internalisers commit any violation, there will be sanctions in the form of written warning, temporary suspension for 6 months, and/or the revocation of business license.

3. Regulation: [21/19/PADG/2019](#)
Date : 31 October 2019
Regarding : Penyedia Electronic Trading Platform
(*Electronic Trading Platform Providers*)

Summary:

Electronic Trading Platform (ETP) providers are business entities established specially to provide certain facilities that are used to do interactions and/or transactions in Money Market and/or Foreign Exchange Market. As the provider of electronic-based transactions system facility, ETP Providers are obliged to own good governance and risk management to encourage the establishment of Money Market and Foreign Exchange Market with integrity, fairness, in order, transparent, liquid, and efficient. In relation to that matter, Bank Indonesia issued a technical regulation for ETP Providers.

This regulation regulates several important matters as follows:

1. A party willing to conduct activities as an ETP Provider must obtain a license. The license is granted in 2 (two) stages, namely principle approval and business license from Bank Indonesia.
2. The transaction facility provided by an ETP Provider at least shall own functions to monitor prices, exchange rates, and/or the best and the most current interest rates and to publish orders and quotations.
3. The scope of transaction types that an ETP Provider can offer.
4. ETP Providers who will conduct any change in facilities, instruments, transactions, electronic system, ownership structure, business entity's name, structure of the board of commissioners, and structure of directors shall submit a request to Bank Indonesia.
5. ETP Providers shall request approval from Bank Indonesia when they are about to conduct corporate actions.
6. Bank Indonesia will revoke the license in the event that an ETP Provider is declared as bankrupt based on court decision and request from the shareholders of ETP Provider.
7. ETP Providers are required to deliver information to Bank Indonesia related to indications of market problems, also required to maintain minimum total equity and implement prudential principles and risk management.
8. ETP Providers are required to submit periodic report and submit incidental report when there is any information that needs to be reported.
9. ETP Providers are prohibited from providing services that are not in accordance with Bank Indonesia's license, providing suggestions/advices regarding investment, conducting transactions on their own behalf or their own funds, conducting transactions on behalf of the shareholders, making settlement for service users, providing information of the name of service users before the transaction is agreed upon, and conducting publication for information that is not based on information from service users who conduct the transactions.
10. Controlling Shareholders of ETP Providers are prohibited to become Controlling Shareholders in other transaction providers.
11. Bank Indonesia supervises ETP Providers by indirect supervision and/or inspection which in its implementation may assign other parties.
12. Bank Indonesia evaluates the license given to ETP Providers and allowed to revoke the license based on the evaluation result.
13. In the event that ETP Providers commit any violation, there will be sanctions in the form of written warning, temporary suspension for 6 months, and/or the revocation of business license.

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