



PRESIDENT
OF THE REPUBLIC OF INDONESIA

LAW OF THE REPUBLIC OF INDONESIA
NUMBER 21 YEAR 2011

ON

THE FINANCIAL SERVICE AUTHORITY

PRESIDENT OF THE REPUBLIC OF INDONESIA,

Consider : a. that in order to realize national economy of which can grow sustainably and stable, it is required activity in the sector of financial service of which is well-organized, fair, transparent, and accountable, as well capable to realize the financial system of which grow sustainably and stable, and capable to protect the interest of consumer and public;

b. that by considering the consideration set forth in point a above, it is required the financial service authority of which has function, assignment, and control authority and supervision on financial activity in the financial service in integrated, independent, and accountable; and

c. that based on the consideration as set forth in point a, and point b above, it is necessary to establish Law on the Financial Service Authority.

In the view of : a. Article 5 section (1), Article 20, and Article 33 of Constitution of the Republic of Indonesia Year 1945;

b. Law Number 23 Year 1999 on Bank Indonesia (State Gazette of the Republic of Indonesia Year 1999 Number 66, Supplement of the State Gazette of the Republic of Indonesia Number 3843) as it has been several time amended lastly with Law Number 6 Year 2009 on the Stipulation of Government Regulation In Lieu Law Number 2 Year 2008 on the Second Amendment of Law Number 23 Year 1999 on Bank Indonesia as the Law (State Gazette of the Republic of Indonesia Year 2009 Number 7, Supplement of the State Gazette of the Republic Indonesia Number 4962);

With the joint approval of

HOUSE OF REPRESENTATIVE OF THE REPUBLIC OF INDONESIA

and

PRESIDENT OF THE REPUBLIC OF INDONESIA

BE IT HEREBY RESOLVED:

To enact : LAW ON THE FINANCIAL SERVICE AUTHORITY

CHAPTER I
GENERAL PROVISION

Article 1

The following definitions shall be applied in this Law:

1. Financial Service Authority hereinafter shall be abbreviated to OJK, shall be the independent agency of which is free from the intervention from whatsoever party,



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 2 -

- which has function, assignment, and control authority, supervision, investigation as set forth herein.
2. Board of Commissioners shall be the supreme leader of which is collective and collegial in nature.
 3. Executive Chairman shall be member of the Board of Commissioners who assigned to lead the implementation of supervision on financial service activity and report his/ her assignment implementation to the Board of Commissioners.
 4. Financial Service Institution shall be institutions carried out activity in the sector of Banking, Capital Market, Insurance, Pension Fund, Finance Institution, and other Financial Institutions.
 5. Banking shall be anything related to the bank, institutional, business activity, as well manners and process during the implementation its business activity in conventional and sharia as set forth in the law on banking and law on sharia banking.
 6. Capital Market shall be activities concerned with Public Offering and trading in securities, Public Company of which associated with the issuance of Securities, as well institution and professional concerned with Securities as set forth in law on capital market.
 7. Insurance shall be business of insurance that engaged in the sector of insurance, which is financial service business that by collecting fund from the community through the collection of insurance premium provides the protection to the community members who are the insurance user against incidence of losses due to uncertainty events or against life or death of someone, reinsurance business, and supporting business of insurance of which carried out brokerage service, loss insurance assessment, and actuarial services, as set forth in law on the insurance.
 8. Pension Fund shall be the legal entity of which manages and carry out the program that promises the benefit of pension, as set forth in law on pension fund.
 9. Finance Institution shall be the business entity that carries out finance activity in the form of the provision of fund or capital goods as set forth in the provision of law and regulation on finance institution.
 10. Other Financial Institution shall be pawnshop, insurance agency, Indonesian export financing institution, secondary mortgage facility, and institution of which carry out the management of mandatory public fund, including the administrator of social, pension, and welfare security programs as set forth in the provision of law and regulation on the pawnshop, insurance agency, Indonesian export financing institution, secondary mortgage facility, and institution of which carry out the management of mandatory public fund, as well other financial services of which are stated as "supervised" by the OJK under law and regulation.
 11. Regulation of the OJK shall be the written regulation of which is set by the Board of Commissioners, generally binding, and stipulated in the Gazette of the Republic of Indonesia.
 12. Regulation of the Board of Commissioners shall be the written regulation of which is set by the Board of Commissioners and binding in the internal of OJK.
 13. Bank Indonesia shall be the Central Bank of the Republic of Indonesia as set forth in the Constitution of the Republic of Indonesia Year 1945.
 14. Deposit Insurance Corporation shall be the Deposit Insurance Corporation as set forth in the law on deposit insurance corporation.
 15. Consumer shall be the parties that places their fund and/ or utilizes services provided by Financial Service Institutions such as the customer of Banking, investors of the Capital Market, policy holders of the Insurance, as well the participants of the Pension Fund, under the provision of law and regulation in the financial sector.
 16. Government shall be the Government of the Republic of Indonesia.
 17. Governor of Bank Indonesia shall be the leader concurrently the member of the Governor Board of the Bank Indonesia.
 18. Finance Ministry shall be the minister carried out administration affairs in the field of Finance.



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 3 -

19. Chairman Board of Commissioner of the Deposit Insurance Corporation shall be the leader concurrently the member of the Board of Commissioner of the Deposit Insurance Corporation.
20. *Ex-officio* means one's position on a particular institution due to assignment and authority in other institution.
21. Ethics Commission shall be the supporting organ of the Board of Commissioners assigned to carry out supervision towards the allegiance of the Board of Commissioners, officials, and staff of OJK for the ethics code.
22. Selection Committee shall be the committee established by the President of which assigned to select and to establish the prospective member of the Board of Commissioners to be submitted to the President.
23. Anyone means individual or corporation.
24. Financial System Stability Coordinating Forum shall be the coordinating forum established to maintain the financial system stability whose member consists of the Finance Minister as a coordinator concurrently member, Governor of the Bank Indonesia as member, Chairman Board of Commissioner of the Deposit Insurance Corporation as member, and Chairman Board of Commissioners of OJK as member.

CHAPTER II
ESTABLISHMENT, STATUS, AND DOMICILE

Article 2

- (1) Through this Law, OJK shall be established.
- (2) OJK shall be an independent institution of which during the implementation of its duty and authority is free from intervention from whatsoever parties, unless matters expressly set out herein.

Article 3

- (1) OJK domiciled in the Capital City of the Republic of Indonesia.
- (2) OJK could possess the office either within or beyond the Territory of the Republic of Indonesia of which is established in accordance with the need.

CHAPTER III
OBJECTIVES, FUNCTIONS, ASSIGNMENTS, AND AUTHORITY

Article 4

OJK shall be established in order to the overall activities within the sector of financial service:

- (1) well organized, fair, transparent, and accountable;
- (2) capable to realize the financial system of which grow sustainably and stable;
and
- (3) capable to protect the interest of Consumers and the community.

Article 5

OJK functions to implement the integrated control and supervision system toward overall activities in the sector of financial service.

Article 6

OJK implements the assignment of control and supervision toward:

- a. activity of financial service in the sector of Banking;
- b. activity of financial service in the sector of Capital Market; and
- c. activity of financial report in the sector of Insurance, Pension Fund, Finance Institution, and other Financial Services.

Article 7



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 4 -

To implement the assignment of control and supervision in the sector of Banking as set forth in Article 6 point a above, OJK has the authority on:

- a. control and supervision concerned with banking institutional of which includes:
 1. license for bank establishment, opening bank branch office, article of association, working plan, ownership, management and human resources, merger, consolidation and bank acquisition, as well revocation of bank business license; and
 2. bank business activity, such as source of fund, fund provision, hybridization product, and activity in the field of service.
- b. control and supervision concerned with the health of bank of which includes:
 1. liquidity, profitability, solvency, asset quality, minimum capital adequacy ratio, maximum limit of credit provision, loan ratio toward deposit, bank backup;
 2. bank report of which relates to the health and performance of the bank;
 3. debtor information system;
 4. credit testing; and
 5. bank accounting standard.
- c. control and supervision concerned with the banking precautionary aspects of which includes:
 1. risk management;
 2. governance;
 3. the principle of know your customer and anti-money laundering; and
 4. precaution against the finance terrorism and banking crime; and
- d. bank inspection.

Article 8

To implement the assignment of control as set forth in Article 6 above, OJK has authority on:

- a. establishing the implementing regulation of this Law;
- b. establishing law and regulation on the sector of financial service;
- c. establishing regulation and decree of OJK;
- d. establishing regulation on the supervision in the sector of financial service;
- e. establishing the policy on the assignment implementation of OJK;
- f. establishing regulation on establishment procedures the written instruction for Financial Service Institution and certain party;
- g. establishing regulation on the establishment procedure of the statutory manager in the Financial Service Institution;
- h. establishing organization structure and infrastructure, as well managing, maintaining, and administering on the wealth and liability; and
- i. establishing regulation on the imposition procedures of sanction in accordance with the provision of the law and regulation in the sector of financial service.

Article 9

To implement the assignment of supervision as set forth in Article 6 above, OJK has authority on:

- a. establishing the operational supervision policy toward the activity of financial service;
- b. supervising the assignment implementation of supervision conducted by the Executive Chairman;
- c. conducting supervision, examination, investigation, costumer protection, and other measures towards Financial Service Institution, agent, and/ or supporting financial service as set forth in the law and regulation on the sector of financial services;
- d. providing the written instructions to Financial Service Institution and/ or certain party;
- e. making the appointment of statutory management;



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 5 -

- f. establishing the utilization of statutory management;
- g. establishing administrative sanction to the parties commit the violation against law and regulation on the financial sector; and
- h. granting, and/ or revoking:
 - 1. business license;
 - 2. business license for individual;
 - 3. the effectiveness of registration statement;
 - 4. registered certificate;
 - 5. approval to perform business activity;
 - 6. legalization;
 - 7. approval and the establishment of dissolution; and
 - 8. other establishment.as set forth in law and regulation on the sector of financial service.

CHAPTER IV
BOARD OF COMMISSIONERS

Part First
Structure of the Board of Commissioners

Article 10

- (1) OJK is chaired by the Board of Commissioners.
- (2) Board of Commissioners as set forth in section (1) above is collective and collegial in nature.
- (3) Board of Commissioners consists of 9 (nine) members of which are established by the Presidential Decree.
- (4) Structure of the Board of Commissioners as set forth in section (3) above consists of:
 - a. a chairman concurrently member;
 - b. a vice chairman as the Chairman of Ethics Committee concurrently member;
 - c. an Executive Chairman of Banking Supervisor concurrently member;
 - d. an Executive Chairman of Capital Market Supervisor concurrently member;
 - e. an Executive Chairman of Insurance, Pension Fund, Finance Institution, and other financial service supervisor concurrently member;
 - f. a Chairman of Audit Board concurrently member;
 - g. a member who handles education and customer protection;
 - h. an Ex-officio member from Bank Indonesia of which is the member of the Governor Board of Bank Indonesia; and
 - i. an Ex-officio member from the Finance Ministry of which is an echelon I official of the Finance Ministry.
- (5) Member of the Board of Commissioners as set forth in section (4) above have the equal voting rights.

Part Second
Appointment and Dismissal

Article 11

- (1) Member of the Board of Commissioners, as set forth in Article 10 section (4) point a up to point g above, shall be selected by the House of Representative based on the candidate members proposed by the President.
- (2) Selection and establishment candidate member of the Board of Commissioners to be proposed by President as set forth in section (1) above shall be implemented by the Selection Committee of which is established through the Presidential Decree:



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 6 -

- a. at least no later than 6 (six) months prior the end of tenure of the member Board of Commissioners; or
 - b. at least no later than 2 (two) months since the date of vacancy or the establishment date of termination of the member Board of Commissioners due to reasons as set forth in Article 17 section (1) point a, point b, point d, point e, point h, point I, and/ or point j.
- (3) Selection Committee as set forth in section (2) consisted of 9 (nine) members of which consists of the elements from Government, Bank Indonesia, and community.
 - (4) Selection Committee announces the plan to recruit member Board of Commissioner as set forth in section (1) above to the community at no more than 5 (five) working days after the Selection Committee was established as set forth in section (2) above.
 - (5) Registration for the candidates shall be performed within 12 (twelve) continuous working days.
 - (6) Selection Committee conducts administrative selection towards the candidate member of the Board of Commissioners as set forth in section (5) above.
 - (7) Selection Committee announces the candidates who have been passed administrative selection to obtain suggestion from the community within 5 (five) business days since the end of registration period of the candidate as set forth in section (5) above.
 - (8) Suggestion as set forth in section (7) above shall be submitted to the Selection Committee within 12 (twelve) working days since the announced date.
 - (9) Selection Committee conduct selection and assessment, as well proposes the candidate member of the Board of Commissioners to the President as much as 3 candidates for each required member of the Board of Commissioners, within no more than 12 (twelve) working days since the end of period as set forth in section (8).

Article 12

- (1) President selects and proposes the candidate of member Board of Commissioners as much as 2 (two) candidate for each required member Board of Commissioners to the House of Representative, within no more than 12 (twelve) working days since the admission date of candidates member of the Board of Commissioners from the Selection Committee as set forth in Article 11 section (9).
- (2) From the candidate member of the Board of Commissioners as set forth in section (1) above, the President proposes as much as 2 (two) candidate member of the Board of Commissioners to be selected by the House of Representative as the Chairman of the Board of Commissioners.
- (3) Candidate member of the Board of Commissioners, who is not selected as the Chairman of the Board of Commissioners as set forth in section (2) above, shall be included to be selected as member of the Board of Commissioners by the House of Representative.
- (4) House of Representative selects the candidate member of the Board of Commissioners in accordance with the required amount of member of the Board of Commissioners, within no more than 15 (fifteen) working days since name of the candidate member of the Board of Commissioners are accepted from the President as set forth in section (1) above.
- (5) The selected candidates member of the Board of Commissioners shall be submitted to the President by the House of Representative within no more than 5 (five) working days since the selection period of the candidate member of the Board of Commissioners is completed as set forth in section (4) above.
- (6) President appoints and establishes the selected candidates as member of the Board of Commissioners within no more than 30 (thirty) working days since



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 7 -

name of the selected candidate member of the Board of Commissioners are accepted from the House of Representative.

Article 13

- (1) Member of the Board of Commissioners as set forth in Article 10 section (4) point h shall be appointed and established by the President based on the recommendation of the Governor of Bank Indonesia.
- (2) Member of the Board of Commissioners as set forth in Article 10 section (4) point i shall be appointed and established by the President based on the recommendation of the Finance Minister.

Article 14

- (1) Chairman, Vice Chairman, and member of the Board of Commissioners shall be appointed and established with the Presidential Decree.
- (2) Assignment division among member of the Board of Commissioners as set forth in Article 10 section (4) point b up to point g shall be decided by the meeting of the Board of Commissioners and shall be established by the Decree of the Board of Commissioners.
- (3) Member of the Board of Commissioners as set forth in Article 10 section (4) point a up to point g above shall be appointed for the tenure 5 (five) years and could be re-appointed for the 1 (one) time of tenure.

Article 15

Requirements for member of the Board of Commissioners as set forth in Article 10 section (4) point a up to point g shall be as follow:

- a. Indonesian Citizen;
- b. has good character, moral, and integrity;
- c. capable to perform legal act;
- d. never been declared bankruptcy or never been an official of a company who causes the company in bankruptcy;
- e. physically healthy;
- f. no more than 65 (sixty-five) years old in which established;
- g. experienced and skilled in the sector of financial service; and
- h. never been subjected to imprisonment under court ruling of which has been had permanent legal force due to committing a criminal act of which punishable by imprisonment of 5 (five) years or more.

Article 16

- (1) Chairman, Vice Chairman, and member of the Board of Commissioners prior taking up his/ her post, shall be obliged to take an oath or pledge in accordance with his/ her religion or belief before the Supreme Court.
- (2) The oat or pledge as set forth in section (1) above shall be sound as follow:
"I do solemnly swear/ pledge that I, to be the Chairman/ Vice Chairman/ member of the Board of Commissioners of the Financial Service Authority directly or indirectly with name and whatsoever reasons will not provide or promise to provide anything to whomever".

"I do solemnly swear/ pledge that I, during performing or does not performing anything in my post, will not directly or indirectly receive from whomsoever a promise or gift in whatsoever form".

"I do solemnly swear/ pledge that I will perform the assignment and responsibility as Chairman/ Vice Chairman/ member of the Board of



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 8 -

Commissioners with my best and with the full sense of responsibility under law and regulation concerned with my assignment and responsibility”.

“I do solemnly swear/ pledge that I will be faithful to the Unitary State of the Republic of Indonesia and the Constitution of the Republic of Indonesia Year 1945”.

Article 17

- (1) Member of the Board of Commissioners could not be terminated prior his tenure is end, unless in the event that he/ she meets reasons as follow:
 - a. passed away;
 - b. resign;
 - c. his/ her tenure is end and is not re-selected;
 - d. permanent absence so that he/ she incapable to perform the assignment or medically predicted incapable to perform the assignment for more than 6 (six) consecutive months;
 - e. does not perform the assignment as member of the Board of Commissioners for more than 3 (three) consecutive months without justifiable reasons;
 - f. no longer as a member of the Governor Board of the Bank Indonesia for *Ex-officio* member of the Board of Commissioners who originates from Bank Indonesia as set forth in Article 10 Section (4) point h;
 - g. no longer as an Echelon I official in the Finance Ministry for *Ex-officio* member of the Board of Commissioners who originates from the Finance Ministry as set forth in Article 10 section (4) point i;
 - h. having family relation up to the second degree or related by marriage with other member of the Board of Commissioners and no one of the both who resign from his/ her post;
 - i. violating ethics code; or
 - j. no longer meets the requirements as set forth in Article 15 and violates the prohibition as set forth in Article 22.
- (2) Such termination as set forth in section (1) above shall be proposed by the Board of Commissioners to the President for the establishment.

Part Third

Interim Replacement

Article 18

- (1) In the event that member of the Board of Commissioners as set forth in Article 10 section (4) point a up to point b, is terminated due to reason as set forth in Article 17 section (1) point a, point b, point d, point e, point f, point g, point h, point I, and/ or point j, shall be carried out the interim replacement of member of the Board of Commissioners in accordance with the member selection procedures of the Board of Commissioners as set forth herein.
- (2) Substitute member of the Board of Commissioners shall be appointed to replace the post of member of the Board of Commissioners who is terminated as set forth in section (1) above and continues the remaining tenure of the replaced member of the Board of Commissioners.
- (3) Replacement as set forth in section (1) above shall not be carried out in the event that the remaining tenure of the terminated member of the Board of Commissioners is less than (1) one year.

Article 19



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 9 -

- (1) In the event that the Chairman of the Board of Commissioners terminated due to reasons as set forth in Article 17 section (1) above, the Vice Chairman of the Board of Commissioners acts as interim official to carry out the assignment and authority of the Chairman of the Board of Commissioners until the time in which the new Chairman of the Board of Commissioners is established.
- (2) In the event that the Vice Chairman of the Board of Commissioners terminated due to reasons as set forth in Article 17 section (1) above, the Chairman of the Board of Commissioners acts as interim official to carry out the assignment and authority of the Vice Chairman of the Board of Commissioners until the time in which the new Vice Chairman of the Board of Commissioners is established.
- (3) In the event that both Chairman and Vice Chairman of the Board of Commissioners terminated due to reasons as set forth in Article 17 section (1) above, by agreement of the Board of Commissioners, one of the member of the Board of Commissioners as set forth in Article 10 section (4) point c up to point g acts as the interim official to carry out the assignment and authority of the Chairman and/ or Vice Chairman of the Board of Commissioners until the time in which the new Chairman and/ or Vice Chairman of the Board of Commissioners is established.
- (4) In the event that member of the Board of Commissioners as set forth in Article 10 section (4) point c up to point g is terminated due to reasons as set forth in Article 17 section (1), by agreement of the Board of Commissioners, one of member of the Board of Commissioners, unless *Ex-officio* member as set forth in Article 10 section (4) point h and point i, acting as the interim official to carry out the assignment and authority of such member of the Board of Commissioners until the time in which the new member of the Board of Commissioners is established.

Part Fourth

Assignment and Authority

Article 20

Assignment of control as set forth in Article 6 shall be carried out by the Board of Commissioners.

Article 21

During implementing the authority as set forth in Article 6, the Board of Commissioners shall be established the Regulation of Financial Service Authority (OJK), Regulation of the Board of Commissioners, and/ or Decree of the Board of Commissioners.

Part Fifth

Prohibition

Article 22

Member of the Board of Commissioners shall be prohibited:

- a. to have the conflict of interest in the Financial Service Institution of which supervised by the OJK;
- b. to be the official of the agent or professional organization in the Financial Service Institution;
- c. to be the official of political party; and
- d. to position in other institution, unless in the context of implementing functions, assignments, and authorities of the OJK and/ or the assignments under the provisions of law and regulations.



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 10 -

Article 23

- (1) Among members of the Board of Commissioners shall be prohibited to have kinship up to 2 (two) degrees or related by marriage.
- (2) In the event that among the members of the Board of Commissioners proven to have kinship as set forth in section (1) above, one of them shall be obliged to resign from his/ her post within 30 (thirty) days since proven to have a family relation.
- (3) In the event that no one of the members of the Board of Commissioners resigned as set forth in section (2) above, all members of the Board of Commissioners who have kinship shall be terminated by the President.

Part Sixth

Meeting and Decision-Making

Article 24

- (1) Board of Commissioners carries out the meeting of the Board of Commissioners periodically at least 1 (one) time within 2 (two) weeks or anytime upon request of one member of the Board of Commissioners.
- (2) Chairman of the Board of Commissioners chairs the meeting of the Board of Commissioners.
- (3) In the event that the Chairman of the Board of Commissioners is unable to attend the meeting, the Vice Chairman of the Board of Commissioners chairs the meeting of the Board of Commissioners.
- (4) In the event that the Chairman and the Vice Chairman of the Board of Commissioners as set forth in section (2) and section (3) are unable to attend the meeting, by agreement the member of the Board of Commissioner, one of the members of the Board of Commissioners shall be appointed to chair the meeting of the Board of Commissioners.
- (5) Meeting of the Board of Commissioners shall be deemed valid in the event that it is attended by 1/2 (one half) of the number of members of the Board of Commissioners.
- (6) Decision-Making shall be carried out based on the deliberation to reach consensus.
- (7) In the event that the deliberation to reach consensus as set forth in section (6) above could not be reached, the decision shall be established based on a majority vote.
- (8) Every meeting of the Board of Commissioners shall be made the minute of meeting of which signed by all members of the Board of Commissioners who are present.
- (9) Further provisions regarding on the procedures of meeting of the Board of Commissioners shall be regulated with the Regulation of the Board of Commissioners.

Part Seventh

Miscellaneous

Article 25

- (1) Board of Commissioners represents the OJK inside or outside of the court.
- (2) Board of Commissioners might delegate as set forth in section (1) above to one or more members of the Board of Commissioners, and/ or to the official(s) of OJK or other party to represent the OJK who are specially authorized for this matter.



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 11 -

- (3) Further provision regarding on the procedures of assignment and empowerment to other party as set forth in section (2) shall be regulated with the Regulation of the Board of Commissioners.

CHAPTER V
ORGANIZATION AND PERSONNEL

Article 26

- (1) For the purpose of supporting the smoothness implementation of function, assignment, and authority of the OJK, the Board of Commissioners establishes the organization.
- (2) For the purpose of supporting the smoothness implementation of function, assignment, and authority of the OJK, the Board of Commissioners establish the supporting organs such as secretariat, Audit Board, Ethics Committee, and other supporting organs in accordance with the need.
- (3) For the purpose of supporting the smoothness implementation of function, assignment, and authority of the OJK, the Board of Commissioners might appoint the expert staff.
- (4) Further provision regarding to the organization and administrative procedure of the OJK shall be regulated by the Regulation of the Board of Commissioners.

Article 27

- (1) Board of Commissioners appoints and terminates the officials and employees of OJK.
- (2) OJK could employ employee civil servants in accordance with the provision of law and regulation.
- (3) Further provision regarding on the personnel shall be regulated with the Regulation of the Board of Commissioners.

CHAPTER VI
CONSUMER AND COMMUNITY PROTECTION

Article 28

For the purpose of Consumer and community protection, OJK authorized to perform loss prevention actions of the Consumer and community of which includes:

- a. providing information and education to the community regarding on the characteristics of the sector of financial service, service, and its product;
- b. requesting the Financial Service Institution to stop the activity in the event that such activity potentially adverse the community; and
- c. other measures of which deemed as might be necessary in accordance with the provision of law and regulation in the sector of financial service.

Article 29

OJK performs complaint service for the Consumers of which includes:

- a. preparing adequate equipment of the service complaint for the consumers who aggrieved by the agent in the Financial Service Institution;
- b. preparing complaint mechanism for the consumers who aggrieved by the agent in the Financial Service Institution; and
- c. facilitating the complaint settlement of the Consumer who aggrieved by the agent in the Financial Service Institution in accordance with law and regulation in the sector of financial service.

Article 30

- (1) In the context of the Consumer and community protection, the OJK shall be authorized to perform legal defense includes:



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 12 -

- a. instructing or performing certain actions to the Financial Service Institution to settle the complaint of the Consumer who aggrieved by the Financial Service Institution in question;
 - b. filing lawsuit:
 1. to re-obtain the aggrieved party assets that causes the loss, either under the power of the adverse party or under power of other party not in good faith; and/ or
 2. to obtain compensation from the adverse party that causes loss to the Consumer and/ or Financial Service Institution as the result of violation to the law and regulation in the sector of financial service.
- (2) Compensation as set forth in section (1) point b number 2 above shall only be used to settle the indemnity to the aggrieved party.

Article 31

Further provision regarding on the Consumer and community protection shall be regulated with the Regulation of OJK.

CHAPTER VII

ETHICS CODE AND CONFIDENTIAL INFORMATION

Part First

Ethics Code

Article 32

- (1) Board of Commissioners establishes and enforces the ethics code of OJK.
- (2) Further provision regarding to ethics code of OJK shall be regulated with the Regulation of OJK.

Part Second

Confidential Information

Article 33

- (1) Any individual person who served or has served as member of the Board of Commissioners, Official or employee of the OJK, shall be prohibited to utilize or to divulge confidential information to whatsoever party, unless for the purpose of the implementation of functions, assignments, and authorities under the decree of OJK, or shall be obliged by the law.
- (2) Anyone who acts on behalf of the OJK, who being employed by the OJK, who are expert staff in the OJK, shall be obliged to utilize or to divulge the confidential information to whatsoever party, unless for the purpose of the implementation of functions, assignments, and authorities under the decree of OJK, or shall be obliged by the law.
- (3) Anyone who know the confidential information, either due to its position, its profession, as the supervised party or whatsoever relation with the OJK, shall be obliged to utilize or to divulge the confidential information to whatsoever party, unless for the purpose of the implementation of functions, assignments, and authorities under the decree of OJK, or shall be obliged by the law.
- (4) Violation against the provision of section (1), section (2), and section (3) could be subjected to administrative sanction and/ or other sanctions in accordance with the provision of law and regulation.
- (5) Further provision regarding to the confidentiality, utilization, and disclosure of the information as set forth in section (1), section (2), and section (3) shall be regulated with the Regulation of the Board of Commissioners.



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 13 -

CHAPTER VIII

WORKING PLAN AND BUDGET

Article 34

- (1) Board of Commissioners arranges and establishes working plan and budget of the OJK.
- (2) Budget of the OJK originates from the State Revenue and Expenditure Budget (APBN) and/ or from parties who conduct activities in the sector of financial service.
- (3) Further provision regarding on the working plan and budget of the OJK as set forth in section (1) shall be regulated with the Regulation of the Board of Commissioners.

Article 35

- (1) Budget of the OJK as set forth in Article 34 section (2) shall be utilized to finance operational and administrative activity, assets procurement and other supporting activities.
- (2) Budget and utilization of the budget to finance the activities as set forth in section (1) above shall be established based on the appropriate standard in the financial sector and shall be excluded from the standard of general cost, goods and services procurement process, and remuneration system as set forth in the law and regulation that related with the State Revenue and Expenditure Budget, procurement of the Government's goods and services, and remuneration services.
- (3) For supporting the operational activity of the OJK, the Government could undertake the placement of initial fund to the OJK.
- (4) Further provision regarding to the standard of cost, goods and services procurement process, and remuneration system shall be regulated with the Regulation of the Board of Commissioners.

Article 36

For the establishment of budget as set forth in Article 34 section (1) and section (2), OJK prior request for approval from the House of Representative.

Article 37

- (1) OJK imposes levies to the parties who undertake activities in the sector of financial service.
- (2) Any party who undertakes activities in the sector of financial service shall be obliged to pay levies imposed by the OJK as set forth in section (1) above.
- (3) OJK accepts, manages, and administers the levies as set forth in section (3) accountable and independent.
- (4) In the event that the received levies on the current year exceed the need of the OJK, such excess shall be deposited to the State Treasury.
- (5) Further provision regarding to the levy as set forth in section (1) above shall be regulated with the Government Regulation.

CHAPTER IX



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 14 -

REPORTING AND ACCOUNTABILITY

Article 38

- (1) OJK shall be obliged to make financial report of which consists of semi-annual financial report and annual financial report.
- (2) OJK shall be obliged to arrange activity report of which consists of monthly, quarterly, and annual activity report.
- (3) In the event that the House of Representative requires explanation, the OJK shall be obliged to deliver explanation.
- (4) Period of financial report as set forth in section (1) above shall be 1st January until 31st December.
- (5) OJK delivers the quarterly activity report to the House of Representative as the form of accountability to the community.
- (6) Activity reports as set forth in section (2) above shall be submitted to the President and the House of Representative.
- (7) For the purpose of arranging the financial report as set forth in section (1) above, the Board of Commissioners establishes standard accountancy and policy of the OJK.
- (8) Financial report as set forth in section (1) above shall be audited by the Audit Board of the Republic of Indonesia (BPK) or Public Accountant Office who appointed by the Audit Board of the Republic of Indonesia.
- (9) OJK shall be obliged to announce the annual report of the OJK to the public through printing media and electronic media.
- (10) Further provision regarding to the form and arrangement of the financial report as set forth in section (1) above and activity report as set forth in section (2) above, as well the procedures, form and arrangement of the report of which is announced to the public shall be regulated with the Regulation of the Board of Commissioners.

CHAPTER X

INSTITUTIONAL RELATION

Part First

Coordination and Partnership

Article 39

During performing its assignment, OJK coordinates with Bank Indonesia in making the regulation of supervision in the sector of banking such as:

- a. fulfillment of the bank's minimum capital;
- b. integrated information banking system;
- c. policy on the fund admission from abroad, admission of foreign currencies, and foreign commercial loan;
- d. banking product, derivative products, other bank business activities;
- e. determination on the banking institutions that are included into the category of *systematically important bank*; and
- f. other data that are excluded from the confidentiality of the information.

Article 40

- (1) In the event that the Bank Indonesia for the purpose of undertaking function, assignment, and authority requires particular examination to certain bank, it



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 15 -

could directly examine such bank with prior delivering written notification to the OJK.

- (2) During undertaking examination as set forth in section (1) above, Bank Indonesia could not provide the assessment on health level of the bank.
- (3) Result of the bank examination report as set forth in section (1) above shall be submitted to the OJK within no more than 1 (one) month since the issuance of the examination report result.

Article 41

- (1) OJK informs to the Deposit Insurance Corporation regarding on the problematic banks of which is in restructure by the OJK as set forth in law and regulation.
- (2) In the event that the OJK indicates that certain bank experiences liquidity problems and/ or its health condition is getting worse, the OJK immediately informs to the Bank Indonesia to take measures in accordance with the authority of the Bank Indonesia.

Article 42

Deposit Insurance Corporation could undertake examination toward the bank of which related to the function, assignment, and authority, as well prior coordinates with the OJK.

Article 43

OJK, Bank Indonesia, and Deposit Insurance Corporation shall be obliged to develop and to maintain the integrated sharing information instruments.

Part Second

Coordinating Protocol

Article 44

- (1) For the purpose of maintaining the stability of financial system, the Financial System Stability Coordinating Forum shall be established whose member consists of:
 - a. Finance Minister as a member concurrently a coordinator;
 - b. Governor of the Bank of Indonesia;
 - c. Chairman of the Board of Commissioners of the OJK; and
 - d. Chairman of the Board of Commissioners of the Deposit Insurance Corporation as a member.
- (2) The Financial System Stability Coordinating Forum shall be assisted by the secretarial service of which chaired by an echelon I official in the Ministry of Finance.
- (3) The decision-making in the meeting of Financial System Stability Coordinating Forum shall be based on the deliberation to reach consensus.
- (4) In the event that the consensus as set forth in section (3) above is not reached, accordingly the decision-making shall be based on a majority vote.

Article 45

- (1) Financial System Stability Coordinating Forum, during the normal condition:
 - a. shall be obliged to conduct monitoring and evaluation towards the stability of financial system;
 - b. conducts the meeting at least 1 (one) time within 3 (three) months;



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 16 -

- c. makes recommendation to each member to perform action and/ or to make the policy for the purpose of maintaining the stability of financial system; and
 - d. performs sharing information.
- (2) Financial System Stability Coordinating Forum, during the abnormal condition, for the purpose of precaution and crisis handling, Finance Minister, Governor of the Bank Indonesia, Chairman of the Board of Commissioners of the OJK, and/ or Chairman of the Board of Commissioners of the Deposit Insurance Corporation of which indicates the existence of a potential crisis or the crisis in the financial system that has been occurred, each of them could propose to the Financial System Stability Coordinating Forum to immediately held the meeting to decide precaution measures or crisis handling.
 - (3) Finance Minister, Governor of the Bank Indonesia, Chairman of the Board of Commissioners of the OJK, and/ or Chairman of the Board of Commissioners of the Deposit Insurance Corporation takes and implements the decision on behalf the represented institution in the context of decision-making of Financial System Stability Coordinating Forum, during abnormal condition as set forth in section (2) above.
 - (4) Financial System Stability Coordinating Forum establishes and implements the required policy for the purpose of precaution and crisis handling on the financial system in accordance with the respective authority.
 - (5) Financial System Stability Coordinating Forum of which relates with the settlement and handling of a failed bank of which is predicted systemically affected binds the Deposit Insurance Corporation.

Article 46

- (1) The policy of Financial System Stability Coordinating Forum of which relates with the state financial shall be obliged to be delivered for obtaining the approval from the House of Representative.
- (2) The Decree of the House of Representative shall be obliged to be established within 24 (twenty-four) hours since the submission of proposal as set forth in section (1) above is received by the House of Representative.

Part Third

International Relation

Article 47

- (1) OJK could make cooperation with the Supervisory authority on the Financial Service Institution in other countries as well international organizations and other international institutions such as in the fields and/ or activities as follow:
 - a. development institutional capability, such as human resources training in the field of control and supervision of Financial Services Institution;
 - b. sharing information; and
 - c. cooperation in the context of examination and investigation as well precaution crime in the sector of finance.
- (2) OJK could be the member of the international financial service supervisory organization.
- (3) In the event that the approval of international agreement in the sector of finance related with the legal issues and affected to the national financial system, the OJK shall be obliged to obtain confirmation from the House of Representative.
- (4) OJK could perform cooperation and provide assistance in the context of examination and investigation conducted by the supervisory authority of the Financial Service Institution of the other countries based on written request.



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 17 -

- (5) Cooperation and the provision of assistance in the context of investigation as set forth in section (4) above could be conducted in the event that:
- a. supervisory authority of the Financial Service Institution of such other county has had the mutual cooperation agreement with the OJK; and
 - b. the implementation of cooperation and the provision of assistance shall be implemented in accordance with the provision of law and regulation in the field of criminal mutual cooperation.

Article 48

All forms of the international relation, including in control, supervision, and investigation shall be based on the principle of equal reciprocity.

CHAPTER XI

INVESTIGATION

Article 49

- (1) Other than Investigator Officials of the National Police of the Republic of Indonesia, certain Civil Servant Officials whose scope of assignment includes the supervision financial service in the OJK shall be granted exclusive authority as investigator, as set forth in Criminal Procedure Code.
- (2) Civil servant as set forth in Article 27 section (2) could be appointed to be the Civil Servant Investigator as set forth in section (1).
- (3) Civil Servant Investigator as set forth in section (1) shall be authorized:
 - a. to accept report, notification, or claim from someone about the crime in the financial service;
 - b. conducting investigation towards truth of the report or explanation concerned with the crime in the financial service;
 - c. conducting investigation against Anyone who are suspected commit or included the crime in the financial service;
 - d. summoning, examining, and asking for explanation and evidence from Anyone who are allegedly committing, as a witness in the crime of financial service.
 - e. conducting examination against accounting, records, and other documents concerned with the crime in the financial service;
 - f. conducting the frisk in any place in which allegedly contained the evidence of accounting, records, and other documents as well conducting seizure to the goods that could be used as evidence in the criminal case of financial service;
 - g. requesting the data, documents, and other evidences, either printed or electronic to the telecommunication service provider;
 - h. in certain condition requests to the authorized officials to ban anyone who allegedly has committed to the criminal action in the financial service in accordance with the provision of law and regulation;
 - i. requesting for the assistance from other law enforcement officials;
 - j. requesting information from the bank about financial condition of the party who allegedly committed or included to the violation against law and regulation in the sector of financial service;
 - k. blocking accounts on the bank or other financial institution from the party who allegedly committed or included to the criminal action in the sector of financial service.
 - l. requesting assistance from the expert during the process of investigation of the criminal action in the sector of financial service; and
 - m. stating when the investigation shall be commenced and when it shall be terminated.

Article 50



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 18 -

- (1) Civil Servant Investigator as set forth in Article 49 submitted the investigation result to the Prosecutor for prosecution.
- (2) The Prosecutor shall be obliged to follow up and to decide the follow-up of investigation result in accordance with his/ her authority within no more than 90 (ninety) days after the investigation result is accepted as set forth in section (1) above.

Article 51

- (1) Civil Servant Investigator employed by the OJK only can be withdrawn with notification within no least than 6 (six) months prior the withdrawal and he or she is not currently handling the case.
- (2) Civil Servant Investigator shall be required to cooperate with the related institutions.

CHAPTER XII

CRIMINAL PROVISION

Article 52

- (1) Anyone who violates the provision of Article 33 section, section (2), and/ or section (3) shall be subject to imprisonment for no more than 6 (six) years and fine for no more than Rp15.000.000.000, 00 (fifteen billion rupiahs).
- (2) In the event that the violation of the provision Article 33 section (2)/ or section (3) committed by the corporation, it shall be subject to the fine for no more than Rp45.000.000.000, 00 (forty-five billion rupiahs) and/ or as much as the amount of loss occurred by such violation.

Article 53

- (1) Anyone who deliberately ignores, not fulfill, or hampers the implementation authority of the OJK as set forth in Article 9 point c, point d, point e, point f, point g, and/ or Article 30 section (1) point a, it shall be subject to imprisonment for at least 2 (two) years and fine at least Rp5.000.000.000, 00 (five billion rupiahs) or imprisonment for no more than 6 (six) years and fine for no more than Rp15.000.000.000, 00 (fifteen billion rupiahs).
- (2) In the event that the violation as set forth in section (1) above committed by the corporation, it shall be subject to fine at least Rp15.000.000.000, 00 (fifteen billion rupiahs) or no more than Rp45.000.000.000, 00 (forty-five million rupiahs).

Article 54

- (1) Anyone who deliberately ignores and/ or does not execute the written command as set forth in section 9 point d or assignment to utilize statutory manager as set forth in Article 9 point f, shall be subject to imprisonment for at least 2 (two) years and fine for at least Rp5.000.000.000, 00 (five billion rupiahs) or imprisonment for no more than 6 (six) years and fine for no more than Rp15.000.000.000, 00 (fifteen billion rupiahs).
- (2) In the event that the violation as set forth in section (1) above committed by the corporation, it shall be subject to fine at least Rp15.000.000.000, 00 (fifteen billion rupiahs) or no more than Rp45.000.000.000, 00 (forty-five million rupiahs).

CHAPTER XIII

TRANSITIONAL PROVISION



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 19 -

Article 55

- (1) Since 31st December 2012, the function, assignment, and authority of control and supervision to the activity of financial services in the sector of Capital Market, Insurance, Pension Fund, and Other Financial Services change from the Finance Minister, and the Supervisory Board of Capital Market and Financial Institution to the OJK.
- (2) Since 31st December 2012, the function, assignment, and authority of control and supervision to the activity of financial services in the sector of Banking change from Bank Indonesia to the OJK.

Article 56

- (1) Within no more than 8 (eight) months since this Law promulgated, the President appoints and establish member of the Board of Commissioners for the first time with the structure as set forth in Article 10 section 4 in accordance with the procedures as set forth in Article 11 section (1), section (3) up to section (9), Article 12 section (1) up to section (3) and section (6), Article 13, and Article 14.
- (2) Member of the Board of Commissioners as set forth in section (1) above shall be appointed for the tenure of 5 (five) years.
- (3) Within no less than 60 (sixty) days since this Law promulgated, the President establishes the Selection Committee for the candidate member of the Board of commissioners for the first time with the membership as set forth in Article 11 section (3).
- (4) House of Representative selects the candidate member of the Board of Commissioners in accordance with the required amount of the member of the Board of Commissioners within no more than 30 (thirty) days since the name of candidate member of the Board of Commissioners are accepted from the President.
- (5) The selected candidate member of the Board of Commissioners shall be submitted by the House of Representative to the President within no more than 7 (seven) days since the selection process of the candidate member of the Board of Commissioners as set forth in section (4) is completed.

Article 57

- (1) Since this Law promulgated until the establishment of the Board of Commissioners as set forth in Article 56 section (1), Finance Ministry assisted by the Bank Indonesia preparing for:
 - a. organization structure, principal assignment and function, infrastructure design and information technology, human resources system, and standard operational procedures;
 - b. working plan and budget for 2013;
 - c. officials and employees of the OJK;



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 20 -

- d. officials and employees of the supporting organ of the Board of Commissioners; and
 - e. other matters required for the purpose of transferring function, assignment and authority control and supervision to the activity of financial service in the sector of financial service from the Bank Indonesia, Finance Ministry, and the Supervisory Board of Capital Market and Financial Institution to the OJK.
- (2) Finance Minister submits the result of preparation as set forth in section (1) above to the Board of Commissioners to be established.

Article 58

Within no more than 7 (seven) months since this Law promulgated, each of the Governor of the Bank Indonesia and Finance Minister propose the candidate member of the Board of Commissioners *Ex-officio* from the Bank Indonesia as set forth in Article 10 section (4) point h and *Ex-officio* from the Finance Ministry as set forth in Article 10 section (4) point I to the President to be appointed and to be established as member of the Board of Commissioners.

Article 59

Since the Board of Commissioners is appointed as set forth in Article 56 section (1) until the change of function, assignment, and authority as set forth in Article 55, the Board of Commissioners assigned for:

- a. establishing the organization structure, principal assignment, infrastructure design and information technology, human resources system, and standard operational procedures;
- b. establishing working plan and budget of the 2013;
- c. appointing officials and employees of the OJK;
- d. appointing officials and employees of the supporting organs of the Board of Commissioners; and
- e. establishing other required matters for the purpose of transferring function, assignment and authority control and supervision to the activity of financial service in the sector of financial service from the Bank Indonesia, Finance Ministry, and the Supervisory Board of Capital Market and Financial Institution to the OJK.

Article 60

- (1) Within no more than 1 (one) month since the Board of Commissioners appointed, as set forth in Article 56 section (1), the Board of Commissioners form the transition team after coordinating with the Finance Minister and the Governor of the Bank Indonesia.
- (2) Finance Ministry and Governor of the Bank Indonesia shall be obliged to propose persons who will be the member of transition team to the Board of Commissioners within no more than 14 (fourteen) days after the letter of request on the member of transition team from the Board of Commissioners accepted.



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 21 -

- (3) Board of Commissioners establishes the transition team member based on the recommendation from the Finance Minister and the Governor of the Bank Indonesia.

Article 61

- (1) Transition team as set forth in Article 60 section (1) assigned to assist the smoothness of the assignment implementation of the Board of Commissioners as set forth in Article 59.
- (2) During performing its assignment, the transition team authorized to identify and to verify the wealth, infrastructure, information, documents and other matters related to the control and supervision of the Financial Service Institution and preparing the transfer to the OJK.
- (3) Transition team shall be obliged to report the smoothness of the assignment and authority implementation as set forth in section (1) and section (2) to the Finance Minister, Governor of the Bank Indonesia, and Chairman of the Board of Commissioners.
- (4) Finance Minister, Governor of the Bank Indonesia, transition team, officials and employees of the Finance Ministry and Bank Indonesia of which related to the function, assignment, and authority of control and supervision of the Financial Service Institution, shall be obliged to assist the smoothness of the assignment implementation of the Board of Commissioners as set forth in Article 59 above.

Article 62

Within no more than 2 (two) months since the appointment of the member of the Board of Commissioners as set forth in Article 56 section (1) above, the Board of Commissioners establish the organization structure, principle assignment and function, standard operational procedure, and infrastructure design of the OJK.

Article 63

- (1) Within no less than 3 (three) months prior the transfer of function, assignment, and authority as set forth in Article 55 above, the Board of Commissioners propose the written request of the proposal on the officials and employees to be transferred or employed to the OJK to Governor of the Bank Indonesia and Finance Minister.
- (2) Within no less than 2 (two) months prior the transfer of function, assignment, and authority as set forth in Article 55 above, Governor of the Bank Indonesia and Finance Minister shall be obliged to propose the name of officials and employees of the Bank Indonesia and Finance Ministry, in accordance with the request of the Board of Commissioners, to be transferred or to be employed to the OJK.
- (3) In order to meet the need of OJK, other than officials and employees as set forth in section (2) above, the Board of Commissioners implements the recruitment of officials and employees openly.
- (4) Within no less than 1 (one) month prior the transfer of function, assignment, and authority as set forth in Article 55, the Board of Commissioners establishes the officials and employees received by the OJK.



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 22 -

Article 64

- (1) Commencing from the transfer of function, assignment, and authority as set forth in Article 55 above:
 - a. officials and/ or employees of the Supervisory Board of Capital Market and Financial Institution; and
 - b. officials and employees of the Bank Indonesia who implement the function, assignment and authority of control and supervision in the sector of banking.as set forth in Article 63 section (4) shall be transferred to be employed in the OJK.
- (2) The officials and employees who are transferred to be employed as set forth in section (1) above shall be obliged to be employed in the OJK for the period of time no less than:
 - a. 1 (one) year for the officials and employees who originate from the Supervisory Board of the Capital Market and Financial Institution; and
 - b. 3 (three) years for the officials and employees who originate the Bank Indonesia.
- (3) The officials and employees as set forth in section (2) shall be obliged to determine the preferred status as the officials and employees of the OJK or:
 - a. as the officials and employees of the Finance Ministry, no more than 3 (three) months since the transfer of function, assignment and authority as set forth in Article 55, for those who originate from the Supervisory Board of Capital Market and Financial Institution;
 - b. as the officials and employees of the Bank Indonesia, no more than 2 (two) years since the transfer of function, assignment and authority as set forth in Article 55, for those who originate from the Bank Indonesia.
- (4) The officials and employees as set forth in section (1) and the officials and employees of the OJK as set forth in section (3) shall be provided the rights in accordance with the provision of the OJK without prejudice the rights of the officials and employees of which have been possessed before and during the transfer.

Article 65

- (1) Commencing from the transfer of function, assignment, and authority as set forth in Article 55:
 - a. the wealth and documents of which are possessed by and/ or of which are utilized by the Bank Indonesia in the context of the implementation of the function, assignment, and authority of control and supervision to the sector of Banking; and
 - b. the wealth and documents of which are possessed by and/ or of which are utilized by the Finance Ministry and the Supervisory Board of Capital Market and Financial Institution in the context of the implementation of the function, assignment, and authority of control and supervision to the sector of Capital Market, Insurance, Pension Fund, and Other Financial Institution.could be utilized by the OJK.
- (2) The utilization of the wealth, wealth of the state and documents as set forth in section (1) shall be established with the joint decree, or decree of the Finance Minister, Governor of the Bank Indonesia, and Chairman of the Board of



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 23 -

Commissioners of which shall be established no less than 1 (one) month prior the transfer of function, assignment, and authority as set forth in Article 55 above.

Article 66

- (1) Since this Law promulgated until the transfer of function, assignment, and authority as set forth in Article 55:
 - a. Bank Indonesia still continue to undertake the function, assignment, and authority of control and supervision to the financial activity in the sector of Banking; and
 - b. Finance Ministry and the Supervisory Board of Capital Market and Financial Institution still continue to undertake the function, assignment, and authority of control and supervision to the financial activity in the sector of Capital Market, Insurance, Pension Fund, and Other Financial Institutions.
- (2) Bank Indonesia, b. Finance Ministry and the Supervisory Board of Capital Market and Financial Institution submit the report on the implementation of function, assignment, and authority as set forth in section (1), to the OJK.
- (3) The finance of which relates to the implementation of function, assignment, and authority as set forth in section (1) sourced from:
 - a. Bank Indonesia for the implementation of function, assignment, and authority of control and supervision to the financial activity in the sector of Banking; and
 - b. State Revenue and Expenditure Budget for the implementation of function, assignment, and authority of control and supervision to the financial activity in the sector of Capital Market, Insurance, Pension Fund, and Other Financial Institutions.
- (4) The Finance of working plan and budget of the OJK since this Law promulgated since the transfer of function, assignment, and authority of control and supervision of the sector of financial service to the OJK as set forth in Article 55 sourced from the budget of the Supervisory Board of Capital Market and Financial Institution, Finance Ministry and/ or Bank Indonesia.

Article 67

- (1) The decision concerned with the provision of business license, individual license, the effectiveness of registration statement, registered certificate, approval for performing business activity, approval or the establishment of dissolution, and each decision of which have been established by the Bank Indonesia, Finance Minister, and Supervisory Board of Capital Market and Financial Institution under the provision of law and regulation in the sector of financial service prior the transfer of function, assignment, and authority as set forth in Article 55, shall be stated remain applicable.
- (2) Application for the business license, individual license, the effectiveness of registration statement, registered certificate, approval for performing business activity, approval or the establishment of dissolution as well the application of other establishment of which is under the process of settlement in the Bank Indonesia, Finance Minister, and Supervisory Board of Capital Market and Financial Institution under the provision of law and regulation in the sector of financial service prior the transfer of function, assignment, and authority as set forth in Article 55, shall be continued by the OJK.



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 24 -

Article 68

Since the function, assignment, and authority has transferred as set forth in Article 55, the settlement of examination and/ or investigation of which is being conducted by Bank Indonesia, Finance Ministry, and Supervisory Board of Capital Market and Financial Institution shall be continued by the OJK.

CHAPTER XIV

CLOSING PROVISION

Article 69

- (1) Function, assignment, and authority of the Bank Indonesia as set forth in:
 - a. Article 8 point c, Article 24, Article 25, Article 26, Article 27, Article 28, Article 29, Article 30, Article 31, Article 32, and Article 33 Law Number 23 Year 1999 on Bank Indonesia as several time has been amended lastly with Law Number 6 Year 2009 on the Stipulation of the Government Regulation In Lieu Law Number 2 Year 2008 on The Second Amendment of Law Number 23 Year 2009 on Bank Indonesia to be the Law (State Gazette of the Republic of Indonesia Year 2009 Number 7, Supplement of the Gazette of the Republic of Indonesia Number 4962);
 - b. Article 6, Article 7, Article 8, Article 11, Article 12, Article 13, Article 16, Article 18, Article 19, Article 20, Article 22, Article 27, Article 28, Article 28, Article 29, Article 30, Article 31, Article 31A, Article 33, Article 34, Article 35, Article 36, Article 37, Article 37A, Article 38, Article 41, Article 41A, Article 42, Article 44, Article 52, and Article 53 of Law Number 7 Year 1992 on the Banking as has been amended with Law Number 10 Year 1998 on the Amendment of Law Number 7 year 1992 On the Banking (State Gazette of the Republic of Indonesia Year 1998 Number 182, Supplement of the State Gazette of the Republic of Indonesia Number 3790);
 - c. Article 1 number 15, Article 5, Article 6, Article 8, Article 9, Article 10, Article 11, Article 16, Article 17, Article 20, Article 21, Article, 22, Article 26, Article 27, Article 28, Article 29, Article 30, Article 31, Article 32, Article 33, Article 34, Article 35, Article 37, Article 38, Article 40, Article 42, Article 43, Article 46, Article 50, Article 51, Article 52, Article 53, Article 54, Article 56, Article 57, and Article 58 of Law Number 21 Year 2008 on the Sharia Banking (State Gazette of the Republic of Indonesia Year 2008 Number 94, Supplement of the State Gazette of the Republic of Indonesia Number 4867);turned into the function, assignment, and authority of the OJK since the transfer of function, assignment, and authority as set forth in Article 55 section (2).
- (2) By the transfer of function, assignment, and authority as set forth in Article 55 section (2), the Banking Supervisory Institution as set forth in Law Number 24 Year 2004 on the Deposit Insurance Corporation (State Gazette of the Republic of Indonesia Year 2004 Number 96, Supplement of the Gazette of the Republic of Indonesia Number 4420) as has been amended with Law Number 7 Year 2009 on the Stipulation of the Government Regulation In



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 25 -

Lieu Law Number 3 Year 2008 on the Amendment of the Law Number 24 Year 2004 on the Deposit Insurance Corporation to be the Law (State Gazette of the Republic of Indonesia Year 2009 Number 8, Supplement of the Gazette of the Republic of Indonesia Number 4963), shall be the OJK.

- (3) Since this Law is stipulated, the function, assignment, and authority of the Coordinating Committee as set forth in Law Number 24 Year 2004 on the Deposit Insurance Corporation (State Gazette of the Republic of Indonesia Year 2004 Number 96, Supplement of the Gazette of the Republic of Indonesia Number 4420) as has been amended with Law Number 7 Year 2009 on the Stipulation of the Government Regulation In Lieu Law Number 3 Year 2008 on the Amendment of the Law Number 24 Year 2004 on the Deposit Insurance Corporation to be the Law (State Gazette of the Republic of Indonesia Year 2009 Number 8, Supplement of the Gazette of the Republic of Indonesia Number 4963), shall be undertaken by the Financial System Stability Coordinating Forum as set forth herein.
- (4) Provision concerned with Coordinating Protocol as set forth in Article 44, Article 45, and Article 46 shall be applicable until the promulgation of the law on the financial system safety net.

Article 70

When this Law begins to be in effect:

1. Law Number 2 Year 1992 on the Business of Insurance (State Gazette of the Republic of Indonesia Year 1992 Number 13, Supplement of the State Gazette of the Republic of Indonesia Number 3467) and its implementing regulations;
 2. Law Number 7 year 1992 on the Banking (State Gazette of the Republic of Indonesia Year 1998 Number 182, Supplement of the State Gazette of the Republic of Indonesia Number 3790) and its implementing regulations;
 3. Law Number 11 Year 1992 on the Pension Fund (State Gazette of the Republic of Indonesia Year 1992 Number 37, Supplement of the Gazette of the Republic of Indonesia Number 3477) and its implementing regulations;
 4. Law Number 8 Year 1995 on the Capital Market (State Gazette of the Republic of Indonesia Year 1995 Number 64, Supplement of the Gazette of the Republic of Indonesia Number 3608) and its implementing regulations;
 5. Law Number 23 Year 1999 on Bank Indonesia as several time has been amended lastly with Law Number 6 Year 2009 on the Stipulation of the Government Regulation In Lieu Law Number 2 Year 2008 on The Second Amendment of Law Number 23 Year 2009 on Bank Indonesia to be the Law (State Gazette of the Republic of Indonesia Year 2009 Number 7, Supplement of the Gazette of the Republic of Indonesia Number 4962); and its implementing regulations;
 6. Law Number 21 Year 2008 on the Sharia Banking (State Gazette of the Republic of Indonesia Year 2008 Number 94, Supplement of the State Gazette of the Republic of Indonesia Number 4867) and its implementing regulations; and
 7. other law and regulation in the sector of financial service,
- shall remain applicable as long as not contrary to and has not been replaced under this Law.



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 26 -

Article 71

This Law shall come into force since the enactment date.

For the public cognizance, it is order to promulgate this Law by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta
on November 22nd, 2011
PRESIDENT OF THE RPUBLIC OF INDONESIA

Signed,
DR. H. SUSILO BAMBANG YUDHOYONO

Promulgated in Jakarta
on November 22nd, 2011
MINISTER OF JUSTICE AND HUMAN RIGHT OF
THE REPUBLIC OF INDONESIA

Signed,

AMIR SYAMSUDIN

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2011 NUMBER 111.

Copy as the Original version

THE MINISTRY OF STATE
SECRETARIAT OF THE REPUBLIC OF
INDONESIA

Assistant to the Deputy of Statutory
Legislation,

Department of Economy

SETIO SAPTO NUGROHO



PRESIDENT
OF THE REPUBLIC OF INDONESIA

THE EXPLANATION
OF THE LAW NUMBER 21 YEAR 2011
ON

FINANCIAL SERVICE AUTHORITY

I. GENERAL

In order to grow the national economy of which capable to grow steadily and sustainably, creating vast and balanced employment opportunity in all sectors of economy, as well providing the equitable welfare for overall people of Indonesia, hence the national development program should be implemented comprehensively and capable to move the national economic activity of which has wide coverage and touches to overall real sectors of the economy of the Indonesian society. The national development program should also be implemented transparently and accountable of which guided to the principle of economic democracy as mandated by the Pancasila and the Constitution of the Republic of Indonesia Year 1945. For the purpose of reaching such objectives, the national development program necessary to be supported with the good governance of which continuously carry out the reformation against overall components in the national economic system. One of the significant components of the national economic system in question shall be financial system and overall financial service activities of which carry out the intermediary function for the various productive activities in the national economy.

During its development, the intermediary function of which carried out by various financial service institutions has significantly contributed in the provision of fund for financing the development of national economy. Therefore, the state shall always provide serious attention towards the development of such financial service activity, through seeking the establishment of the comprehensive and integrated regulation and supervision framework of the sector of financial service.

Globalization in the sector of finance and the rapid progress of the information technology as well financial innovation has created the complex, dynamic financial system, and interrelated inter-subsector of the finance both in product and institutional. In addition, the existence of financial service institution of which has the ownership relationship in various subsector of the finance (conglomeration) has added the complexity of the transaction and interaction inter-financial service institution within the financial system.

The number of cross-sector problems in the sector of financial service of which includes *moral hazard*, the protection of the financial service consumer of which has not yet optimum, and the disturbing on the stability of financial system increasingly drive the need of the establishment of the integrated financial service supervisory institution.

In regard with matters mentioned above, it is necessary to undertake realignment of the organization structure of the institutions that carry out the assignment of control and supervision in the sector of financial service of which includes the sector of banking, insurance, pension fund, finance institution, and other finance institution. The alignment shall be intended in order to realize coordinating mechanism of which is more effective in handling the problems within the financial system as result it could more ensuring the achievement of financial system



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 2 -

stability. Control and supervision against overall financial service activities should be undertaken in integrated manner.

Other than the previous considerations, Law Number 23 Year 1999 on the Bank Indonesia as has been several times amended lastly with Law Number 6 Year 2009 on the Stipulation of the Government Regulation In Lieu Law Number 2 Year 2008 on the Second Amendment of the Law Number 23 Year 1999 on the Bank Indonesia to be the Law, also mandates the establishment of the supervisory institution for the sector of financial service of which includes banking, insurance, pension fund, securities, venture Capital, finance companies, and Other Financial Institutions of which managed fund from the community. Essentially, such supervisory institution for the sector of financial service shall be an independent institution during performing its assignment and its position shall be beyond the government. This institution shall be obliged to deliver the report to the Audit Board of the Republic of Indonesia and the House of Representative of the Republic of Indonesia.

In this Law, Supervisory institution for the sector of financial service called as the Financial Service Authority. Basically, Law on the Financial Service Authority contains the provision of organization structure and governance for the institution of which has authority of control and supervision to the sector of financial service. Otherwise, the provision concerned with the type of financial service products, scope of activity of the financial service institution, qualification, and criteria of the financial service institution, level of health and prudent regulation as well the provision regarding to the supporting service of the financial service and so on of which relates to the transactions of the financial service shall be regulated in the separated sectors of law, namely Law on Banking, Capital Market, Insurance Business, Pension Fund and other law and regulation of which related with the other sector of financial services.

The Financial Service Authority shall be established for the purpose that overall financial service activities within the sector of financial service could be implemented orderly, fair, transparent, and accountable, as well capable to realize the financial system that grow steadily, sustainably, and capable to protect the interest of consumers and community. By this objectives, OJK is expected could support the interest of the sector of national financial service so that it capable to increase the national competitiveness. In addition, the OJK should be capable to maintain the national interest such as, human resources, management, control, and the ownership in the sector of financial service, with keep considering the positive aspect of the globalization.

The Financial Service Authority shall be established and guided by the principles of good governance of which includes independency, accountability, transparency, and fairness.

The Financial Service Authority is institutionally beyond the government of which meant that the Finance Service Authority is not the part of the Government. Yet, it is not rule out the possibility that there is the presence of the government elements due to it is basically the authority in the sector of financial service of which has relation and the strong linkages with the other authority, in this matter is fiscal and monetary authority. Therefore, this institution included the representative elements from the both authorities in *Ex-officio*. The presence of these *Ex-officio* elements



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 3 -

shall be intended for the purpose of coordination, partnership, policy harmonization in fiscal, monetary, and the sector of financial service. The presence of these *Ex-officio* elements shall also be required to ensure the preservation of national interest in the context of global competition and international agreement, the need of coordination, and sharing information for the purpose of preserving and maintaining the stability of financial system.

For realizing the good coordination, partnership, and policy harmonization, the Financial Service Authority should be the part of the organizing system of government affair of which interacts well with government institutions and other governments for the purpose of achieving the goals of independence of Indonesia of which included in the Constitution of the Republic of Indonesia Year 1945.

The independency of the Financial Service Authority shall be reflected in the leadership of this institution. As an individual, the leader of the Financial Service Authority has the certainty of tenure and could not be terminated, except meet the reasons of which expressly set herein. In addition, in order to obtain the right leader of the Financial Service Authority, this Law set the selection mechanism of which is transparent, accountable, and including the public participation through selection committee whose elements consists of the Government, Bank Indonesia, and the financial service society.

Financial Service Authority undertakes its function, assignments, and authority based on the principles as follow:

1. the principle of independency, it means that the Financial Service Authority is independent during making the decision and implementing the function, assignment, and authority, by keep in accordance with the applicable law and regulation;
2. the principle of legal certainty, it means that the principle within the state law of which prioritizes the basis of law and regulation and justice in each organizing policy of the OJK;
3. the Principle of general interest, it means that the principle of which protect and defend the interest of consumers and community as well promoting the general wealth;
4. the principle of transparency, it means that the OJK opens itself towards the public's right to obtain correct, honest information and non-discriminative on the management of Financial Service Authority, with due regard to personal right and group, as well state's secret, including the secret as set forth in the law and regulation;
5. the principle of professionalism, it means that the OJK prioritize the skill during performing the assignment and authority, with due regard to be guided to the ethics code and the provision of the law and regulation;
6. the principle of integrity, it means that the OJK always adheres to the moral values in each taken measure and decision in managing the institution.
7. the principle of accountability, it means that each activity and the end result of each implementation of the OJK' activity should be accountable to the public.

In line with the governance and principles mentioned above, the Financial Service Authority should possess the structure with the principle of "*check and balance*". It could be realized through the clear division among functions, assignment, authority of control and supervision. Function, assignment, and authority of control as well



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 4 -

supervision shall be undertaken by the Board of Commissioners through the clear assignment division for the purpose of achieving the objective of the Financial Service Authority. The assignment of the Board of Commissioners includes the assignment concerned with ethics code, internal supervision through mechanism of the board of audit, education and consumer protection, as well function, assignment, and authority of control and supervision to the sector of Banking, Capital Market, Insurance, Pension Fund, Financial Institution, and other Financial Institution.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory

Article 2

Self-explanatory

Article 3

Self-explanatory

Article 4

By this objective, the OJK shall be expected capable to support the interest of the sector of national financial service so as the OJK capable to increase the national competitiveness. Otherwise, the OJK should capable to maintain the national interest such as human resources, management, control, and the ownership of the sector of financial service, with due regard to consider the positive aspect of globalization.

Point a

Self-explanatory

Point b

Self-explanatory

Point c

In this section “*protect the interest of Consumers and the community*” means including to the protection against violation and crime in the financial sector such as manipulation, and various kind of embezzlement in the financial service activity.

Article 5

Self-explanatory

Article 6

Self-explanatory

Article 7

Control and supervision concerned with institutional, health, precautionary aspect, and bank inspection shall be the scope of control and supervision of the *micro-prudential* of which shall be the assignment of the OJK. As for the scope of control and supervision of the *micro-prudential* of which is the control and



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 5 -

supervision other than matters that have been set in this Article shall be the authority of Bank Indonesia. For the purpose of the control and supervision of *micro-prudential*, the OJK assists Bank Indonesia to conduct moral suasion to the Banking.

Article 8

Point a

Self-explanatory

Point b

In this section, *law and regulation on the sector of financial service* means law and regulation concerned with Financial Service Institution and parties who perform activity in the sector of financial service.

Point c

Self-explanatory

Point d

Self-explanatory

Point e

Self-explanatory

Point f

In this section, "*written instruction*" means written instruction to execute or does not execute certain activity to meet the provision of law and regulation on the sector of financial service and/ or to prevent and reduce the loss of the community, Consumer, and the sector of financial service.

Written instruction is given, such as for replacing the officials or certain party in the Financial Service Institution, to discontinue the business activity, to limit, or to improve the business activity or transaction, to discontinue or change the agreement between the Financial Service Institution and other party who allegedly adverse the community, Consumers, and the sector of financial service, as well delivering certain document, information, and/ or report to the OJK.

Point g

In this section, "*statutory manager*" shall be individual or legal entity who established by the OJK to undertake the OJK.

The *statutory manager* undertakes the authority of the OJK such as, to meet the provision of law and regulation on the sector of financial service, to reduce the loss of the community, Consumer, and the sector of financial service and/ or to eradicate financial crime committed by certain party in the sector of financial service.

Measures performed by the statutory manager such as through salvaging the business continuity of the certain Financial Service Institution, takeover overall authority and function of the management of the Financial Service Institution by the *statutory manager*, cancellation and termination of the agreement, as well transferring wealth portfolio or business from the Financial Service Institution.



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 6 -

Point h
Self-explanatory

Point i
Self-explanatory

Article 9

Point a
Self-explanatory

Point b
Supervision of the Board of Commissioners to the assignment implementation of the Executive Chairman designated to evaluate and to improve the performance of the Executive Chairman. Such supervision shall be not intended to provide the authority to the Board of Commissioners to intervene the implementation of authority and assignment of each Executive Chairman.

Point c
Self-explanatory

Point d
Self-explanatory

Point e
Self-explanatory

Point f
Self-explanatory

Point g
Self-explanatory

Point h
Self-explanatory

Article 10

Section (1)

Board of Commissioners shall be the supreme leader of the OJK. In the context of partnership with the financial service supervisory authority institution from other countries, as well international organizations and international institutions, member of the Board of Commissioners acts as an official who represents the state.

Section (2)

In this section “*collective in nature*” means that in each decision-making of the Board of Commissioners shall be decided jointly by member of the Board of Commissioners.

While, “*collegial in nature*” means that in each decision-making of the Board of Commissioners based on the deliberation to reach consensus



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 7 -

with due regard to the principle of equality and kinship between the members of the Board of Commissioners.

Section (3)

Self-explained

Section (4)

Point a

Self-explained

Point b

Self-explained

Point c

Executive Chairman of Banking Supervisor chairs the assignment of supervision towards financial service activity in the sector of Banking.

Point d

Executive Chairman of Capital Market Supervisor chairs the assignment of supervision towards financial service activity in the sector of Capital Market.

Point e

Executive Chairman of Insurance, Pension Fund, Finance Institution, and other financial service supervisor chairs the assignment of supervision towards financial service activity in the sector of Insurance, Pension Fund, Finance Institution, and other financial service.

Point f

Self-explained

Point g

Self-explained

Point h

Self-explained

Point i

Self-explained

Section (5)

Each member of the Board of Commissioners shall be entitled to express the opinion in each decision-making of the Board of Commissioners, and has voting right in the event that the decision is established through the majority votes.

Article 11

Section (1)



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 8 -

During the submission the candidate member of the Board of Commissioners to the House of Representative, the President submits the names of candidate member of the Board of Commissioners.

“The House of Representative” means the element of the House of Representative in charge of financial and banking.

Section (2)

Self-explanatory

Section (3)

In this section *“element of the community”* means academicians of the sector of financial service, Banking industry society, Capital Market industry, and/ or Non-Banking Financial Industry of which consists of Insurance, Pension Fund, Finance Institution, and other Financial Service Institution.

Section (4)

In addition announcing the recruitment plan of the candidate member of the Board of Commissioners, the Selection Committee actively seeks for the candidates who meet the requirements and representation in accordance with the skill from the sector of financial service of which supervised by the OJK.

Section (5)

Registration of the candidate member of the Board of Commissioners shall be performed with due regard to the requirements as set forth herein.

Section (6)

“Administrative selection” means selection towards the candidate member of the Board of Commissioners in accordance with the requirements as set forth herein.

Section (7)

Self-explained

Section (8)

Self-explained

Section (9)

In this section, “3 candidates for each required member of the Board of Commissioners” means that during proposing the candidates, the Selection Committee submits 3 (three) candidates for each member of the Board of Commissioners with the proportional qualification and skill in the financial service industry. For 7 (seven) members of the Board of Commissioners, the Selection Committee proposes to the President as much as 21 (twenty) candidates member of the Board of Commissioners.



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 9 -

Article 12

Section (1)

For the 7 (seven) required members of the Board of Commissioners, the President proposes to the House of Representative as much as 14 (fourteen) candidates member of the Board of Commissioners.

Section (2)

This provision shall only be applicable in the event that there is a need to fill the post of Chairman of the Board of Commissioners.

Section (3)

This provision shall only be applicable in the event that there is a need to fill the post of Chairman of the Board of Commissioners and at least 1 (one) member of the Board of Commissioners.

Section (4)

For the purpose of selection of the candidate member of the Board of Commissioners, the House of Representative might request for the candidates member of the Board of Commissioners to deliver presentation in the session of the House of Representative explaining about the visions, experience, skill or capability, as well matters concerned with moral and character of the member of Board of Commissioners.

“45 working days” means that it excludes recess period.

Section (5)

In this section, “the selection period of the candidate member of the Board of Commissioners is completed” means since the stipulation in the plenary session.

Section (6)

Self-explanatory

Article 13

Self-explanatory

Article 14

Self-explanatory

Article 15

Point a

Self-explanatory

Point b

“*has good character, moral, and integrity*” means that inter alia, the candidates is not included into the list of disgraceful persons.

Point c

Self-explanatory

Point d

Self-explanatory



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 10 -

Point e

Member of the Board of Commissioners shall not be constrained by physical of which resulted the concerned member incapable to perform his/ her assignments well.

Point f

Self-explanatory

Point g

“*Experienced and skilled in the sector of financial service*” means a person who possesses sufficient experience, skill, or knowledge in the sector of financial service.

Point h

Self-explanatory

Article 16

Self-explained

Article 17

Section (1)

Point a

Self-explanatory

Point b

Resignation of the member of the Board of Commissioners shall be effective since the date of resignation approved by the President.

Point c

Self-explanatory

Point d

In this section, “*permanent absence*” means physical and/ or mental disorder that caused the member of the Board of Commissioners incapable to perform his/ her assignment well.

The dismissal of member of the Board of Commissioners due to the physical and/ or mental disorder shall be stipulated by the Presidential Decree.

While “*medically predicted*” means the medical prediction of which is proved with written explanation from the doctor who certifies that member of the Board of Commissioners in question in capable to perform his/ her assignments for more than 6 (six) consecutive months.

Point e

“*Without justifiable reasons*” means there is not strong reason that causes member of the Board of Commissioners dismissed. Justifiable reasons, inter alia, ill as be evidenced by medical certificate who appointed by the Board of Commissioners,



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 11 -

assignment beyond activity of OJK assigned by the President, or other activity for the interest of the state.

Point f

Self-explanatory

Point g

Self-explanatory

Point h

“Related by marriage” means family ties due to marriage, which is tie between one of couple and incestuous relationship from the other party.

Point i

In this provision, the violation of ethics code means the violation of which is categorized as serious violation and reported by the Board of Commissioners to the House of Representative.

Point j

Self-explanatory

Section (2)

Self-explanatory

Article 18

Section (1)

Self-explanatory

Section (2)

Self-explanatory

Section (3)

“The remaining tenure of the terminated member of the Board of Commissioners is less than (1) one year” means the remaining tenure since the establishment date of dismissal member of the Board of Commissioners.

Article 19

Section (1)

Vice Chairman who acts as the interim official of Chairman of the Board of Commissioners has the authority as the Chairman and Vice Chairman of the Board of Commissioners but just only have 1 (one) vote right.

Section (2)

Chairman who act as the interim official of Vice Chairman of the Board of Commissioner has the authority as the Chairman and Vice Chairman of the Board of Commissioners but just only have 1 (one) vote right.

Section (3)

Member of the Board of Commissioners who acts as the interim official of the Chairman and/ or Vice Chairman of the Board of Commissioners has



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 12 -

the authority as the member, Chairman, and/ or Vice Chairman of the Board of Commissioners.

Section (4)

Member of the Board of Commissioners who acts as the interim official from the vacant post of the member of the Board of Commissioner as set forth in this Article, has the authority as a member of the Board of Commissioners and the member of the Board of Commissioners who held temporary, but just only have 1 (one) vote right.

Article 20

Self-explanatory

Article 21

Self-explanatory

Article 22

Point a

In this provision, "*forbidden to have the conflict of interest in the Financial Service Institution of which supervised by the OJK*" means that during his/ her tenure as member of the Board of Commissioners, he/ she:

- 1) not to be the official or the equivalent position to the official in the Financial Service Institution, or no longer as the official through resigning in written;
- 2) not to be the controller and management in the Financial Service Institution; and
- 3) no longer serves as the controller in the Financial Service Institution through releasing his/ her control and management in accordance with the provision of law and regulation in the sector of financial service.

Point b

Should anyone appointed as member of the Board of Commissioners and the concerned person is the official of agent/ or professional organization in the Financial Service Institution, the concerned person prior should release his/ her stewardship position in the agent/ or professional organization in the Financial Service Institution, prior to be established as member of the Board of Commissioners.

Point c

Should anyone appointed as member of the Board of Commissioners and the concerned person is one of the official in the political party, the concerned person prior should release his/ her stewardship position in such political party, prior to be established as member of the Board of Commissioners.

Point c

With due regard to that members of the Board of Commissioners of which have the very strategic assignment in the control and supervision of the sector of financial service, he/ she should be loyal and professional during the implementation of his/ her assignment.

However, based on the linkages between assignment and position, member of the Board of Commissioners might concurrent position in



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 13 -

the certain institution, such as position in the international institution.

Article 23

Section (1)

Self-explanatory

Section (2)

In the event that the kinship occurred on 2 (two) or more members of the Board of Commissioners, there is only 1 (one) member who still in office as member of the Board of Commissioners.

Section (3)

Self-explanatory

Article 24

Section (1)

Self-explanatory

Section (2)

Self-explanatory

Section (3)

Self-explanatory

Section (4)

Self-explanatory

Section (5)

Self-explanatory

Section (6)

Self-explanatory

Section (7)

Self-explanatory

Section (8)

Minute of meeting at least includes day and date of the meeting, chairman and the participant of the meeting, meeting agenda, and decision of the meeting. In the minute of meeting, the entire participant's opinion should be included, either those who express their consent or those who didn't express the approval, or those who didn't express the opinion towards matters decided in the meeting, accompanied with its reason.

Section (9)

Self-explained

Article 25

Section (1)

Self-explained

Section (2)

Board of Commissioners appointed to represent the OKJ such as in the implementation of inter-institution partnership and international relation.



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 14 -

In this section, “*the other party*” means entities, institutions, agencies, or individual beyond the OJK.

Section (3)
Self-explained

Article 26

Section (1)
In this section, “*establishes the organization*” means establishing certain institution for the purpose of such as for supporting activity, development and guiding the employees and the retirements. For such purposes, OJK might cooperate with other institution.

Section (2)
“*Secretariat*” means the organs below the Board of Commissioners of which are in charge the general assignment, finance, human resources, organization, public relation and institutional.

The supporting organs of which established by the Board of Commissioners shall be chaired or coordinated by one of the members of the Board of Commissioners based on the meeting of the Board of Commissioners.

“*Other organs*” means such as remuneration committee, risk management committee, communication and information technology committee.

Section (3)
Self-explained

Section (4)
Self-explained

Article 27

Section (1)
In this section, “the officials and employees” means the officials and employees, either permanent or ‘being employed’. The official of the OJK shall be the structural or functional officials in the OJK such as deputy to commissioner, director, and subordinate position.

Section (2)
For the purpose to streamline its assignment and authority, the OJK might employ civil servant from other institution or the employee with other status.

Status of the Civil servants who assigned for the OJK could be as “being employed” or other status in the context supporting the authority of the OJK in the field of examination, investigation, or other assignments that are specific. Such civil servants originate from the civil servant investigator officials or Police investigator officials. Rights and obligation of such civil servants shall be equalized with the rights and obligation of the OJK’s employees.

Section (3)
In this section, “personnel” includes promotion, ranks, career ladder, remuneration system, dismissal, retirement age, employment procedures for the civil servant, as well rights and obligation of the officials and employees of the OJK.



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 15 -

Article 28

Self-explanatory

Article 29

For the purpose of the settlement to the consumer's complaint, OJK might conduct the verification and special examination towards such complaint.

Article 30

Section (1)

Point a

Self-explanatory

Point b

Number 1

"*Not in good faith*" means not in good faith based on the assessment of the OJK.

Number 2

Filing lawsuit shall be performed based on the assessment of the OJK that a violation committed by certain party against the provision of law and regulation in the sector of financial service caused material loss to the consumer, community, and the sector of financial service.

Section (2)

In this section, "*the aggrieved party*" shall be the Consumers and/ or the financial service industry due to the violation of the provision of law and regulation in the sector of financial service. The indemnity shall be provided in accordance with value determined by the authorized party.

Article 31

Self-explained

Article 32

Section (1)

In line with the practice of good governance, the OJK formulates and implements ethics code. Ethics code includes such as the provision concerned with the prohibition to perform disgraceful actions and the provisions concerned with the behaviors of which are expected from member of the Board of Commissioners, officials, and employees of the OJK. These ethics code shall be evaluated periodically.

The enforcement of ethics code shall be adjusted to the level position and authority of each member of the Board of Commissioners, officials, and employees of the OJK.

Violation against ethics code consists of 3 (three) categories, namely light violation, moderate violation, and severe violation.

Section (2)

Self-explanatory

Article 33

Section (1)

In this section, "confidential" shall be anything of which in the view of law and regulation should be kept secret.

Section (2)



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 16 -

Self-explanatory

Section (3)

Anyone who knows anything concerned with confidential information due to his/ her position such as an official of the institution that is coordinating or in cooperation with the OJK.

Anyone who knows anything concerned with confidential information due to his/ her profession such as auditor, assessor, notary, or actuary in the financial service industry.

Section (4)

Self-explanatory

Section (5)

Regulation of the Board of Commissioners on the confidentiality, utilization, and disclosure of the confidential information shall be stipulated with due regard to the law and regulation.

Article 34

Section (1)

Self-explained

Section (2)

In this section, "*parties who conduct activities in the sector of financial service*" shall be the Financial Service Institution and/ or individual or legal entity of which conduct activities in the sector of financial service.

The finance of the OJK's activity shall be appropriately financed independently whose fund sourced from the levies of the parties of which conduct activities in the sector of financial service. The establishment of the amount of such levies shall be implemented with due regard to the capability of the party who conduct activities in the sector of financial service as well the need of finance of the OJK.

However, the finance of OJK of which originates from the State Revenue and Expenditure Budget shall remain be required to fulfill the need of the OJK when the levies from the parties who conduct activities in the sector of finance have not been capable to finance the operational activity independently, such as on the early period of establishment of the OJK.

Section (3)

Self-explanatory

Article 35

Section (1)

In this section, "*operational activity*" means organizing of the implementation activities of the function, assignment, and authority of the OJK such as control, supervision, law enforcement, education, and Consumer protection .

"Administrative activity" includes office affairs, remuneration, education and training, organizational development and human resources.

While "asset" shall be current and non-current assets such as stock, building, equipment and machine, vehicle, office equipments, as well information technology equipments.

Section (2)



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 17 -

In this section, “the appropriate standard in the financial sector” shall be the appropriate cost standard of which applied by the sector of financial service or regulator of the equal financial services, either domestic or international. It was implemented in order to the OJK capable to balance the demand and dynamic of the sector of financial service, both domestically and internationally.

“The standard of general cost” shall be the standard of general cost of which is applied by the ministry or institution as set forth in the provision of law and regulation concerned with the State Revenue and Expenditure Budget.

While “remuneration system” includes system concerned with revenue, insurance, pension fund, allowance, severance pay, and reward achievement.

Section (3)

Initial fund originates from the State Revenue and Expenditure Budget of which amount and purpose shall be based on the approval of the House of Representative.

In this matter, the House of Representative shall be the instruments of the House of Representative in charge of the finance and banking.

Section (4)

Self-explained

Article 36

In this article, “House of Representative” means the instrument of the House of Representative, which is in charge of the finance and banking affairs.

Article 37

Section (1)

In this section, “levy” means levy for license, application, approval, registration, and legalization fee, control, supervision, examination, as well research and securities transaction cost.

The levies are utilized to finance activities of the OJK of which are not financed by the State Revenue and Expenditure Budget. The levies of OJK are utilized to finance operational, administrative activity and assets procurement as well other supporting activities for adjusting the mentioned costs to the appropriate standard of cost in the financial service industry.

While, “*parties who undertake activities in the sector of financial service*”, means Financial Service Institution and/ or individual who undertake activity in the sector of financial service.

Section (2)

Self-explanatory

Section (3)

Self-explanatory

Section (4)

Self-explanatory

Section (5)

Self-explanatory



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 18 -

Section (6)

The OJK prepares draft of the Government Regulation of which includes such as the procedures of establishment, type, amount, time of billing and payment of levy, and fine sanction.

Article 38

Section (1)

Self-explanatory

Section (2)

Activity report of which is prepared by the OJK consists of:

- a. implementation of assignment and authority of the previous period.
- b. plan of policy, establishing target and measures of the implementation of assignment and authority of the OJK for the future period.

Section (3)

In this section, "*explanation*" means the explanation concerned with the implementation of assignment and authority of the OJK.

"*House of Representative*", means the instrument of the House of Representative, which is in charge on the finance and banking affairs.

Section (4)

Self-explanatory

Section (5)

Self-explanatory

Section (6)

The submission report of the OJK to the President and the House of Representative shall be intended to explain the implementation of activity and performance of the OJK during the current year.

Section (7)

The preparation of standard of policy and accounting by the OJK shall be prepared with due regard to the generally accepted accounting principles.

Section (8)

Self-explanatory

Section (9)

Self-explanatory

Section (10)

For the purpose of preparing financial report concerned with the finance of which originates from the State Revenue and Expenditure Budget, the Board of Commissioners should consider to the law and regulation.

Article 39

Cooperation procedures between OJK and Bank Indonesia shall be mutually set by OJK and Bank Indonesia.

Point a

Self-explanatory

Point b



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 19 -

Self-explanatory

Point c

Self-explanatory

Point d

“*Other bank business activities*” means business such as credit card, debit card, and internet banking.

Point e

“*Systematically important bank*” means a bank of which due to the size of assets, capital, and liability, network coverage, or the complexity of transaction on the banking service or the relationship to the other financial sectors, could cause the failure partially or overall other banks or the sector of financial service, either in financial or operational, in the event that such bank experiences disturbing or failure.

Point f

Self-explanatory

Article 40

Section (1)

Basically, the authority to conduct bank examination is on the OJK. However, in the event that Bank Indonesia executes its function, assignment, and authority of which is required information through bank examination activity, Bank Indonesia could directly enter to the certain bank that is included into the *systematically important bank* and/ or the other bank in accordance with the authority of Bank Indonesia in the *micro-prudential* affairs.

For the smoothness of examination activity by the Bank Indonesia, the written notification shall be intended at least included objectives, scope, period, and examination mechanism.

Section (2)

Assessment on health level of the bank shall be the authority of the OJK.

Section (3)

Self-explanatory

Article 41

Section (1)

Self-explanatory

Section (2)

In this section, “*measures in accordance with the authority of the Bank Indonesia.*” means the provision of short-term loan facility during implementing the function of Bank Indonesia as the *lender of last resort*. During implementing the function in question, Bank Indonesia might conduct examination towards the bank by delivering notification to the OJK.

Article 42



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 20 -

Basically, the authority to conduct bank examination is on the OJK. However, in the event that the Deposit Insurance Corporation executes its function, assignment, and authority of which is required information through bank examination activity, the Deposit Insurance Corporation could execute bank examination and prior remain coordinate with the OJK.

Scope of the examination includes examination of premium, bank deposit position, interest level, bad credit and registered, problematic bank, asset quality, banking crime.

Article 43

Basically, the OJK develops, maintain, and builds the information system in accordance with its authority.

In this Article, “integrated” shall be the system of which is build by the OJK, Bank Indonesia, and Deposit Insurance Corporation of which is integrated one another, as result each institution could share information and access the required information on timely basis. Such information includes general and information concerned with the bank, bank financial report, result of the bank examination of which is conducted by Bank Indonesia, Deposit Insurance Corporation, and the OJK, and other information while maintaining and with due regard to the confidentiality of information in accordance with the provision of law and regulation.

Article 44

Section (1)

Each of Finance Minister, Governor of the Bank Indonesia, Chairman of the Board of Commissioners of the OJK, Chairman of the Board of Commissioners of the Deposit Insurance Corporation represent the Finance Ministry, the Bank Indonesia, the OJK, and the Deposit Insurance Corporation.

Section (2)

Scope of work, human resources, and secretariat budget shall be agreed by the respective member of System Stability Coordinating Forum.

Section (3)

Self-explanatory

Section (4)

The decision of which is made by the System Stability Coordinating Forum binds to all member of the forum.

Article 45

Section (1)

Self-explanatory

Section (2)

In this section, “*crisis in the financial system*” means the condition of the financial system of which has been failed to perform its functions and roles effectively in the national economy of which is showed through worsening of the economic and financial indicators such as in the form of the difficulty in liquidity, solvability problems, and/ or the declining public trust to the financial system.

Section (3)

Self-explanatory



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 21 -

Section (4)
Self-explanatory

Section (5)
In this section, “*failed bank*” means the bank of which experiences financial difficulties and endangers the continuity of its business as well stated as cannot be restructured anymore by the OJK with its authority.

Article 46

Section (1)
In this section, “*state finance*” means the State Revenue and Expenditure Budget when the policy of the System Stability Coordinating Forum is implemented and/ or established.

“*House of Representative*”, means the instrument of the House of Representative, which is in charge on the finance and banking affairs.

Section (2)

In this section, “*House of Representative*”, means the instrument of the House of Representative, which is in charge on the finance and banking affairs.

The submission of proposal shall be submitted by the Finance Minister as the chairman of System Stability Coordinating Forum to the House of Representative, it is directly designated to the Chairman of the instrument of the House of Representative, which is in charge on the finance and banking affairs with the carbon copy designated to the Chairman of the House of Representative. The proposal shall be deemed accepted if it is read in the plenum of the concerned instrument of the House of Representative.

Article 47

Section (1)
The OJK might in cooperation with, such as:
International organizations such as International Organization of Securities Commissions (IOSCO), International Organization of Pension Supervisors (IOPS), International Association of Insurance Supervisors (IAIS), International organization of banking supervisor and control; and
International Institutions such as Asian Development Bank (ADP), World Bank, Islamic Development Bank (IDB), and Financial Action Task Force for Money Laundering (FATF).

Section (2)

The finance regarding to the membership of the organizations shall be imposed to the budget of OJK.

Section (3)

International agreement of which affected to the national financial system includes the international agreement of which affected the national interest in the sector of human resources, control, and the ownership in the sector of financial service.



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 22 -

“*House of Representative*”, means the instrument of the House of Representative, which is in charge on the finance and banking affairs.

Section (4)
Self-explanatory

Section (5)
Self-explanatory

Section (5)
Self-explanatory

Article 48
Self-explanatory

Article 49
Section (1)
Self-explanatory

Section (2)
Self-explanatory

Section (3)
Point a
Self-explanatory

Point b
Self-explanatory

Point c
Self-explanatory

Point d
Self-explanatory

Point e
Self-explanatory

Point e
Self-explanatory

Point g
Self-explanatory

Point h
Self-explanatory

Point i
“*Law enforcement*” includes prosecutors, police, and courts.

Point j
Self-explanatory

Point k
Self-explanatory

Point l
Self-explanatory

Point m
Self-explanatory



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 23 -

Article 50

Self-explanatory

Article 51

Section (1)

Self-explanatory

Section (2)

“Related institutions” means such as the prosecutors, police, and courts.

Article 52

Self-explanatory

Article 53

Self-explanatory

Article 54

Self-explanatory

Article 55

Self-explanatory

Article 56

Section (1)

Member of the Board of Commissioners shall be established with the Presidential Decree.

Section (2)

In this section, “the tenure of 5 (five) years” means the tenure of member of the Board of Commissioners other than *Ex-officio* member of the Finance Ministry and Bank Indonesia.

Section (3)

The establishment of Selection Committee shall be established by the Presidential Decree.

Section (4)

For the purpose of selecting the candidate member of the Board of Commissioners, the House of Representative might request for the candidate member of the Board of Commissioners to deliver presentation concerned with its visions, experience, skill or capability, as well other matters of which are related to the moral and character of the member of the Board of Commissioners.

“30 (thirty) days” excludes recess period.

Section (5)

In this section, “selection process of the candidate member of the Board of Commissioners is completed” means that since the establishment in the plenary session of the House of Representative.

Article 57

Section (1)

Point a

Self-explanatory

Point b

Self-explanatory



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 24 -

Point c

“Officials and employees of the OJK” means the officials and employees of the OJK of which are transferred from the Bank Indonesia, the Supervisory Board of Capital Market and Financial Institution.

Point d

Self-explanatory

Point e

Self-explanatory

Section (2)

The result of preparation shall be intended to be implemented immediately after the Board of Commissioners is established. The Board of Commissioners might perform study and improvement to the result of preparation.

Article 58

Self-explanatory

Article 59

Section (1)

Point a

Self-explanatory

Point b

The finance of the working plan and budget of the OJK originates from the State Revenue and Expenditure Budget.

Point c

“Officials and employees of the OJK” means the officials and employees of the OJK of which are transferred from the Bank Indonesia, the Supervisory Board of Capital Market and Financial Institution, and from the recruitment openly.

The appointment of the officials of the OJK shall be performed by the Decree of the Board of Commissioners.

Point d

The appointment of the officials of the supporting organs of the OJK shall be performed by the Decree of the Board of Commissioners.

Point e

Self-explanatory

Article 60

Section (1)

Self-explanatory

Section (2)

The membership of transition team originates from Bank Indonesia and Finance Ministry in the equivalent proportion based on the recommendation of the Bank Indonesia and Finance Minister.

Section (3)

Self-explanatory



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 25 -

Article 61

Section (1)

Self-explanatory

Section (2)

For the purpose of the smoothness of its assignment implementation, the transition team might utilize other party of which is relevant using cost of the transition team.

Section (3)

Self-explanatory

Section (4)

Self-explanatory

Section (5)

“House of Representative”, means the instrument of the House of Representative, which is in charge on the finance and banking affairs.

Article 62

Self-explanatory

Article 63

Section (1)

In this section, “officials and employees” shall be the officials and employees of the Bank Indonesia and Supervisory Board of Capital Market and Financial Institution who currently or experienced to handle control and supervision of the banking, capital market, and financial institution as well officials and employees who appropriately qualified and experienced in the field of control and supervision of the sector of financial service.

Section (2)

Recommendation on the names of the officials and employees to be transferred from the Bank Indonesia, the Supervisory Board of Capital Market and Financial Institution, and Finance Ministry should be accompanied with the appropriate written description regarding on the rank, class, position, task field, salary and allowance, education, experience, skill, target of position to be recommended, and any other related descriptions.

In this section, “in accordance with the request of the Board of Commissioners” means the suitability of amount, qualification, experience, and the target of position of which is required and asked needed by the Board of Commissioners.

Section (3)

Open recruitment of the officials and employees of the OJK shall be commenced since the organization structure, principle assignment and function, and infrastructure design are established.

Section (4)

The establishment of the officials and employees of the OJK shall not mean that such officials and employees has been transferred or employed to be the officials and employees of the OJK. Such officials and employees shall be stated as the officials and employees of the OJK since the officials and employees in question are established by the Board of



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 26 -

Commissioners. Such officials and employees of the OJK shall be entitled to choose to be the permanent staff of the OJK.

Article 64

Section (1)

The establishment of the officials and employees of the OJK shall be performed using the Decree of the Board of Commissioners.

Section (2)

Self-explained

Section (3)

Point a

The establishment period of time 3 (three) months shall be intended to allow the OJK conducting the recruitment to fill the vacant positions of the officials and employees who prefers to choose as the officials and employees of the Finance Ministry.

The officials and employees of the Supervisory Board of Capital Market and Financial Institution who prefers to choose as the officials and employees of the Finance Ministry shall be returned to the Finance Ministry in the end of first year.

Point b

The establishment period of time 2 (two) years shall be intended to allow the OJK conducting the recruitment to fill the vacant positions of the officials and employees who prefers to choose as the officials and employees of the Bank Indonesia.

The officials and employees of the Bank Indonesia who prefers to choose as the officials and employees of the Finance Ministry shall be returned to the Bank Indonesia in the end of the third year

Section (4)

In this section, “rights of the officials and employees” such as rights on the recognition of employment period, rank, pension, insurance, salary, allowance, and other rights in accordance with the provision of the law and regulations of which have been the rights of the concerned officials and employees.

Since the officials and employees of the Bank Indonesia and the Supervisory Board of Capital Market and Financial Institution employed by the OJK, the officials and employees in question have the rights that are standardized under the regulation of the Board of Commissioners.

Rights of the officials and employees after served as the officials and employees of the OJK subject to the provision on rights of the officials and employees with the terms as follow:

- a. Bank Indonesia shall remain be responsible on the cost incurred to fulfill rights of the officials and employees who originate from Bank Indonesia such as pension, insurance, and/ or retirement saving, in accordance with the applicable provisions in Bank Indonesia.
- b. Finance Ministry shall remain is responsible on the cost incurred to fulfill rights of the officials and employees who originate from the Finance Ministry such as pension, insurance, and/ or retirement saving, in accordance with the applicable provisions in Finance Ministry.
- c. The OJK shall be responsible on the cost incurred to fulfill the equitability right of the officials and employees who originate from the



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 27 -

Bank Indonesia and the Finance Ministry, for the purpose of following the standardization of rights of the officials and employees in the OJK.

Article 65

Section (1)

In this section, “wealth” and “wealth of the state” include building, vehicles, office equipments, and other infrastructures of which are the supporting instruments of the implementation the activity of control and supervision the sector of financial service.

While, “documents”, in this section includes data and information either in the form of written or electronic of which are possessed and/ or utilized in the activity of control and supervision of the sector of financial service.

The wealth and document of the Finance Ministry, Bank Indonesia, and the Supervisory Board of Capital Market and Financial Institution of which are utilized by the OJK shall be the wealth and document of which are utilized in the activity of control and supervision of the sector of financial service. While, wealth and document of which are utilized in the activity of control and supervision of the sector of banking but also required by Bank Indonesia for the implementation of the assignment, shall be utilized mutually.

And, “utilized”, in this section means to be utilized, to be managed, and to be maintained by the OJK.

Section (2)

Joint Decree or the Decree of Finance Minister, Governor of the Bank Indonesia, and the Chairman of the Board of Commissioners such as the decree concerned with the type of wealth, wealth of the state, and the document that could be utilized, utilization mechanism, ownership status, and the procedures of mutual utilization.

Article 66

Section (1)

Self-explanatory

Section (2)

This provision shall be intended in order to the Board of Commissioners capable to implement its function, assignments, and autonomy effectively when such function, assignment, and authority are being transferred to the OJK from Bank Indonesia, Finance Minister, and the Supervisory Board of Capital Market and Financial Institution.

Matters to be informed such as:

- a. the assignment implementation of control and supervision in the sector of Banking, Business of Insurance, Capital Market, Pension Fund, Finance Institution, and Other Financial Service Institution;
- b. latest condition and the trends that are occurred in the Banking, Business of Insurance, Capital Market, Pension Fund, Finance Institution, and Other Financial Service Institution;
- c. occurrences related to the Banking, Business of Insurance, Capital Market, Pension Fund, Finance Institution, and Other Financial Service Institution that are required to be known by the Board of Commissioners; and



PRESIDENT
OF THE REPUBLIC OF INDONESIA

- 28 -

- d. the strategic policies that have been made by the Bank Indonesia, Finance Ministry, and Supervisory Board of Capital Market and Financial Institution.

Section (3)
Self-explanatory

Section (4)
The finance division shall be set jointly between Bank Indonesia and the Government.

Article 67
Self-explanatory

Article 68
Self-explanatory

Article 69

Section (1)

Point a

The assignment of Bank Indonesia during controlling and supervising bank as set forth in Article 8 point c of which are transferred to the OJK shall be the assignment of control and supervision concerned with *micro-prudential* as set forth herein.

Bank Indonesia still possesses the assignment of banking control concerned with *micro-prudential*.

Point b

Self-explanatory

Point c

Self-explanatory

Section (2)
Self-explanatory

Section (3)
Self-explanatory

Section (4)
Self-explanatory

Article 70
Self-explanatory

Article 71
Self-explanatory