

**REGULATION OF THE FINANCIAL SERVICES AUTHORITY OF THE REPUBLIC OF INDONESIA
NUMBER 49 OF 2024**

ON

**SUPERVISION, DETERMINATION OF SUPERVISION STATUS, AND FOLLOW-UP OF SUPERVISION OF
FINANCING INSTITUTIONS, VENTURE CAPITAL COMPANIES, MICROFINANCE INSTITUTIONS, AND
OTHER FINANCIAL SERVICE INSTITUTIONS**

BY THE GRACE OF GOD ALMIGHTY

THE BOARD OF COMMISSIONERS OF THE FINANCIAL SERVICES AUTHORITY,

Considering:

- a. that in order to implement the provisions of Article 128 paragraph (4) of Law Number 4 of 2023 on the Development and Strengthening of the Financial Sector, Article 32 of Law Number 1 of 2013 on Microfinance Institutions as amended by Law Number 4 of 2023 on the Development and Strengthening of the Financial Sector, and Article 40 of Law Number 2 of 2009 on the Indonesian Export Financing Institution as amended by Law Number 4 of 2023 on the Development and Strengthening of the Financial Sector, it has been deemed necessary to regulate supervision, determination of supervision status, and follow-up of supervision in the field of financing institutions, venture capital companies, microfinance institutions, and other financial services institutions;
- b. that the regulations regarding supervision, determination of Supervision status, and follow-up of Supervision in the field of financing institutions, venture capital companies, microfinance institutions, and other financial services institutions previously regulated in Regulation of the Financial Services Authority Number 11/POJK.05/2014 on Direct Examination of Non-bank Financial Services Institutions as amended several times, most recently by Regulation of the Financial Services Authority Number 30/POJK.05/2020 on Second Amendment to Regulation of the Financial Services Authority Number 11/POJK.05/2014 on Direct Examination of Non-bank Financial Services Institutions, Regulation of the Financial Services Authority Number 14/POJK.05/2014 on Development and Supervision of Microfinance Institutions, and Regulation of the Financial Services Authority Number 9/POJK.05/2021 on Determination of Status and Follow-up of Supervision of Non-bank Financial Services Institutions, need to be adjusted to developments in the industry of financing institutions, venture capital companies, microfinance institutions, and other financial services institutions;
- c. that based on the considerations as referred to in letter a and letter b, it has been deemed necessary to establish Regulation of the Financial Services Authority on Supervision, Determination of Supervision Status, and Follow-up of Supervision of Financing Institutions, Venture Capital Companies, Microfinance Institutions, and Other Financial Services Institutions;

Observing:

1. Law Number 2 of 2009 on the Indonesian Export Financing Institution (State Gazette of the Republic of Indonesia of 2009 Number 2, Supplement to the State Gazette of the Republic of Indonesia Number 4957) as amended by Law Number 4 of 2023 on the Development and Strengthening of the Financial Sector (State Gazette of the Republic of Indonesia of 2023 Number 4, Supplement to the State Gazette of the Republic of Indonesia Number 6845);
2. Law Number 21 of 2011 on the Financial Services Authority (State Gazette of the Republic of Indonesia of

2011 Number 111, Supplement to the State Gazette of the Republic of Indonesia Number 5253) as amended by Law Number 4 of 2023 on the Development and Strengthening of the Financial Sector (State Gazette of the Republic of Indonesia of 2023 Number 4, Supplement to the State Gazette of the Republic of Indonesia Number 6845);

3. Law Number 1 of 2013 on Microfinance Institutions (State Gazette of the Republic of Indonesia of 2013 Number 12, Supplement to the State Gazette of the Republic of Indonesia Number 5394) as amended by Law Number 4 of 2023 on the Development and Strengthening of the Financial Sector (State Gazette of the Republic of Indonesia of 2023 Number 4, Supplement to the State Gazette of the Republic of Indonesia Number 6845);
4. Law Number 4 of 2023 on the Development and Strengthening of the Financial Sector (State Gazette of the Republic of Indonesia of 2023 Number 4, Supplement to the State Gazette of the Republic of Indonesia Number 6845);

HAS DECIDED:

To establish:

REGULATION OF THE FINANCIAL SERVICES AUTHORITY ON SUPERVISION, DETERMINATION OF SUPERVISION STATUS, AND FOLLOW-UP OF SUPERVISION OF FINANCING INSTITUTIONS, VENTURE CAPITAL COMPANIES, MICROFINANCE INSTITUTIONS, AND OTHER FINANCIAL SERVICES INSTITUTIONS.

CHAPTER I GENERAL PROVISIONS

Article 1

Under this Regulation of the Financial Services Authority, the following definitions are employed:

1. Financing Institutions, Venture Capital Companies, Microfinance Institutions, and Other Financial Services Institutions, from this point onward are referred to as PVML, are financial services institutions that include financing companies, infrastructure financing companies, venture capital companies, microfinance institutions, pawnshops, information technology-based joint funding service providers, Indonesian Export Financing Institution, secondary housing financing companies, PT Permodalan Nasional Madani, People's Housing Savings Management Agency, and PT Sarana Multi Infrastruktur (Persero), and other financial services institutions.
2. Financing Company is a legal entity that carries out financing activities for goods and/or services to the community, including those that carry out their business activities based on sharia principles.
3. Infrastructure Financing Company is a legal entity specifically established to carry out financing activities in the form of providing funds for infrastructure projects and/or implementing other activities or facilities in order to support infrastructure financing, including carrying out its business activities based on sharia principles.
4. Venture Capital Company is a business entity that carries out venture capital business activities, including those that carry out their business activities based on sharia principles.
5. Microfinance Institution is a financial institution specifically established to provide business development and community empowerment services, either through loans or financing in micro-scale businesses to

members and the community, savings management, or the provision of business development consulting services that do not solely seek profit, including those that carry out their business activities based on sharia principles.

6. Pawnshop Company is a legal entity that carries out business activities in the form of providing loans with collateral in the form of movable goods, including those that carry out their business activities based on sharia principles.
7. Information Technology-Based Joint Funding Service (Layanan Pendanaan Bersama Berbasis Teknologi Informasi) Provider, from this point onwards is referred to as LPBBTI Provider, is an Indonesian legal entity that provides, manages, and operates the provision of financial services to bring together fund providers and fund recipients in conducting funding both conventionally and based on sharia principles directly through an electronic system using the internet.
8. Secondary Housing Financing Company (Perusahaan Pembiayaan Sekunder Perumahan), from this point onwards is referred to as PPSP, is a company established by the Government of the Republic of Indonesia to carry out secondary housing financing and other activities related to the development of the secondary housing financing market.
9. Indonesian Export Financing Institution (Lembaga Pembiayaan Ekspor Indonesia), from this point onwards is referred to as LPEI, is the Indonesian Export Financing Institution, as referred to in the Law on the Indonesian Export Financing Institution.
10. PT Permodalan Nasional Madani, from this point onwards is referred to as PT PNM, is a company established based on Regulation of the Government of the Republic of Indonesia Number 38 of 1999 on State Equity Participation of the Republic of Indonesia for the Establishment of Limited Liability Companies (Persero) in the context of Developing Cooperatives, Small-, and Medium-Scale Enterprises.
11. Public Housing Savings Management Agency (Badan Pengelola Tabungan Perumahan Rakyat), from this point onwards is referred to as BP Tapera, is a legal entity formed to manage public housing savings.
12. PT Sarana Multi Infrastruktur (Persero), from this point onwards is referred to as PT SMI (Persero), is a state-owned enterprise established based on Regulation of the Government Number 66 of 2007 on State Equity Participation of the Republic of Indonesia for the Establishment of Limited Liability Companies (Persero) in the Infrastructure Financing Sector as amended most recently by Regulation of the Government Number 53 of 2020 on Second Amendment to Regulation of the Government Number 66 of 2007 on State Equity Participation of the Republic of Indonesia for the Establishment of Limited Liability Companies (Persero) in the Infrastructure Financing Sector.
13. Supervision is the activity of measuring, assessing, evaluating, and/or other activities carried out on PVML based on the provisions of laws and regulations.
14. Examination is a series of activities to search for, collect, process, and evaluate data and/or information, as well as to assess and provide conclusions regarding the implementation of PVML business.
15. Board of Directors is the PVML organ that has the authority and full responsibility to manage PVML for the interests of PVML, in accordance with the intent and purpose of PVML, and represent PVML, both inside and outside the court in accordance with the provisions of the articles of association for PVML in the form of a limited liability company, or equivalent to the Board of Directors for PVML in the form of a cooperative, LPEI, or BP Tapera legal entity.
16. Board of Commissioners is a PVML organ tasked with carrying out general and/or specific Supervision in accordance with the articles of association and providing advice to the Board of Directors for PVML in the form of a limited liability company, or the equivalent of Board of Commissioners for PVML in the form of a cooperative, LPEI, or BP Tapera legal entity.
17. Sharia Supervisory Board (Dewan Pengawas Syariah), from this point onwards is referred to as DPS, is a party that has the task and function of supervising the implementation of PVML activities to ensure they

are in accordance with sharia principles.

18. Controlling Shareholder (Pemegang Saham Pengendali), from this point onwards is referred to as PSP, is a legal entity, individual, and/or business group that directly or indirectly owns shares or the equivalent of shares in PVML and/or has the ability to exercise control over the PVML in question.
19. Soundness Level is the result of an assessment of the PVML condition carried out on PVML risks and performance.
20. Composite Rating is the final rating of the PVML Soundness Level assessment results.

CHAPTER II SUPERVISION

Division One General

Article 2

- (1) The Financial Services Authority shall conduct Supervision of PVML.
- (2) Supervision of PVML as referred to in paragraph (1) shall be carried out through:
 - a. indirect Supervision; and
 - b. direct Supervision.

Division Two Indirect Supervision

Article 3

- (1) Indirect Supervision as referred to in Article (2) paragraph (2) letter a shall be carried out through the monitoring, research, analysis, and evaluation of:
 - a. reports submitted by PVML to the Financial Services Authority;
 - b. reports submitted by other parties to the Financial Services Authority;
 - c. Supervision data; and
 - d. other relevant information obtained by the Financial Services Authority.
- (2) The Financial Services Authority may request PVML to submit certain information and/or documents for indirect Supervision of PVML.
- (3) PVML must submit certain information and/or documents at the request of the Financial Services Authority as referred to in paragraph (2).

Division Three

Direct Supervision

Article 4

- (1) Direct Supervision as referred to in Article 2 paragraph (2) letter b may be carried out through:
 - a. direct face-to-face meetings; and/or
 - b. electronic face-to-face meeting.
- (2) Direct Supervision as referred to in paragraph (1) shall be carried out by the Financial Services Authority through an Examination of the PVML.
- (3) In carrying out the Examination as referred to in paragraph (2), the Financial Services Authority may carry out Examination of:
 - a. shareholder or its equivalent in PVML;
 - b. subsidiary of PVML; and/or
 - c. party other than shareholder or its equivalent as referred to in letter a and/or subsidiary of PVML as referred to in letter b that carries out transactions with PVML.
- (4) The Examination as referred to in paragraph (2) shall aim to:
 - a. obtain a comprehensive picture of PVML's business development and financial condition, including detecting matters that may affect PVML's Soundness Level or business continuity;
 - b. gain confidence in the truth of reports submitted by PVML to the Financial Services Authority, reports published to the community, and other information;
 - c. ensure PVML's compliance with Regulations of the Financial Services Authority, other provisions of the laws and regulations, and guidelines for provisions and work procedures established by PVML; and
 - d. investigate the truth of alleged criminal acts in the field of PVML.
- (5) The Examination as referred to in paragraph (2) may be carried out at the PVML office, at other places related to the PVML either domestically or abroad, and/or at the Financial Services Authority office.

Subdivision 1

Scope and Frequency of Examinations

Article 5

- (1) The scope of the Examination carried out by the Financial Services Authority shall include all aspects or certain aspects of PVML's business activities.
- (2) Determination of the scope of the Examination as referred to in paragraph (1) shall be determined by the Financial Services Authority based on:
 - a. risk-based Supervision for PVML that has implemented risk-based Supervision; or
 - b. Examination plan for PVML that has not implemented risk-based Supervision.

Article 6

- (1) Examination of PVML shall be carried out by the Financial Services Authority through:
 - a. periodic Examination;
 - b. incidental Examination; and/or
 - c. special Examination of alleged criminal acts in the field of PVML.
- (2) The Financial Services Authority may determine periodic Examination as referred to in paragraph (1) letter a with a frequency of 1 (one) time in 1 (one) year.
- (3) The frequency of periodic Examination as referred to in paragraph (2) shall be determined based on the supervisor's assessment of the Soundness Level conditions or factors that impact PVML business activities.

Subdivision 2 Examination Team

Article 7

- (1) The Examination as referred to in Article 6 paragraph (1) shall be carried out by an examination team.
- (2) The examination team as referred to in paragraph (1) must consist of at least 2 (two) people.
- (3) The examination team as referred to in paragraph (1) shall consist of:
 - a. Financial Services Authority employees assigned to carry out the Examination;
 - b. other parties appointed by the Financial Services Authority; or
 - c. combination of Financial Services Authority employees and other parties appointed by the Financial Services Authority.
- (4) In carrying out the Examination, the examination team shall keep the data and/or information obtained during the Examination confidential from unauthorized parties.

Article 8

The examination team from other parties as referred to in Article 7 paragraph (3) letter b must fulfill the following provisions:

- a. not included in the list of unapproved parties as referred to in the provisions of laws and regulations regarding fit-and-proper test;
- b. not an affiliated party to the object being examined;
- c. have a good mental attitude, ethics, and high professional responsibility;
- d. independent, honest, and objective;
- e. competent in their field and understand the provisions of laws and regulations in the field of PVML and the provisions of other laws and regulations; and
- f. continuously participate in professional education programs in their respective fields.

Article 9

- (1) The Financial Services Authority may appoint an independent public accountant, actuary, and/or appraiser as the other party appointed by the Financial Services Authority to be an examination team as referred to in Article 7 paragraph (3) letter b.
- (2) The independent public accountant, actuary, and/or appraiser as referred to in paragraph (1) must be registered with the Financial Services Authority.

Article 10

- (1) The Financial Services Authority shall issue a work order to other parties appointed to carry out the Examination as referred to in Article 9 paragraph (1).
- (2) Other parties appointed to carry out the Examination as referred to in paragraph (1) must carry out the Examination in accordance with the work order and terms of reference stipulated by the Financial Services Authority which constitutes an integral part of the work order.

Subdivision 3 PVML Obligations

Article 11

- (1) PVML and/or related parties that are subject to an Examination by the Financial Services Authority as referred to in Article 4 paragraph (3) must:
 - a. fulfill the request of the examination team to provide or lend books, files, notes, dispositions, memoranda, other required documents, electronic data, including the copies, and other items deemed necessary to support Supervision;
 - b. provide information and explanations to the examination team based on actual facts and conditions related to the aspects being examined, both verbally and in writing;
 - c. provide the examination team with the opportunity to examine the existence and use of all data/documents related to the aspect being examined;
 - d. present a third party at the request of the examination team to provide data, documents, and/or information to the examiner related to the Examination;
 - e. give access to examiners to enter places or rooms deemed necessary; and/or
 - f. fulfill other requests from the examination team to support the Examination process for PVML and related parties.
- (2) PVML and/or related parties that are subject to an Examination by the Financial Services Authority as referred to in Article 4 paragraph (3) must submit books, files, notes, dispositions, memoranda, other required documents, electronic data, including the copies and other items deemed necessary to support the Supervision as referred to in paragraph (1) letter a in accordance with the time period determined by the Financial Services Authority.
- (3) PVML and/or related parties that are subject to Examination by the Financial Services Authority as referred to in Article 4 paragraph (3) shall be prohibited from obstructing/preventing the Examination process either directly or indirectly.

Subdivision 4

Examination Procedures

Article 12

- (1) The Examination shall be carried out by an examination team based on an Examination warrant issued by the Financial Services Authority.
- (2) Before carrying out the Examination as referred to in paragraph (1), the Financial Services Authority shall submit a notice of Examination to the PVML.
- (3) The notice of Examination as referred to in paragraph (2) shall contain the following information:
 - a. composition of the examination team;
 - b. scope of the Examination;
 - c. purpose of the Examination;
 - d. documents required for the Examination; and
 - e. deadline for the submission of documents to the examiner.
- (4) The Financial Services Authority may submit a notice of Examination to the PVML on the same day as the Examination is carried out, if the notice prior to the Examination is suspected to:
 - a. complicate or hinder the Examination process;
 - b. obscure the true state of affairs; and/or
 - c. hide or remove data, information, or reports required for the purpose of the Examination.

Article 13

- (1) In the periodic Examination and incidental Examination process, the examination team shall confirm with PVML and/or related parties as referred to in Article 4 paragraph (3) regarding the Examination findings.
- (2) Before the periodic Examination and the incidental Examination ends, the examination team shall carry out pre-exit meeting with the PVML on the findings of the Examination.
- (3) After the meeting with the PVML as referred to in paragraph (2), the examination team shall hold a meeting with the Board of Directors regarding the Examination results and follow-up of the Examination results.
- (4) The results of the meeting as referred to in paragraph (3) shall be stated in the official report containing the results of the Examination and recommendations or follow-up actions signed by the examination team and the Board of Directors and/or heads of the relevant parties.
- (5) In the event that the Board of Directors and/or heads of the relevant parties refuse to sign the official report as referred to in paragraph (4), the examination team shall establish the official report without being signed by the Board of Directors and/or heads of the relevant parties.
- (6) In the event that the Board of Directors and/or heads of the relevant parties refuse to sign the official report as referred to in paragraph (5), the refusal must be accompanied by reasons.
- (7) The Examination period may be extended in accordance with the needs and complexity of the Examination.

Article 14

- (1) After the meeting with the Board of Directors as referred to in Article 13 paragraph (3), the examination team shall prepare a report on the Examination results.
- (2) The report on the Examination results as referred to in paragraph (1) is confidential.
- (3) The Financial Services Authority shall submit the report on the Examination results as referred to in paragraph (1) to the Board of Directors, Board of Commissioners, and/or heads of the relevant parties no later than 15 (fifteen) business days after the report on Examination results is established.
- (4) The use of the report on the Examination results as referred to in paragraph (1) by parties outside the examined PVML must be consulted and obtain prior approval from the Financial Services Authority, unless otherwise regulated by the provisions of laws and regulations.

Subdivision 5

Follow-up of Examination Results

Article 15

- (1) PVML must carry out follow-up actions in accordance with the recommendations contained in the report on the Examination results as referred to in Article 14 paragraph (3).
- (2) PVML must report the implementation of follow-up actions as referred to in paragraph (1) to the Financial Services Authority within a time period in accordance with the report on the Examination results as referred to in Article 14 paragraph (3).
- (3) In the event that the report on the Examination results does not specifically mention the time limit for the reporting obligation, PVML must submit a report on the implementation of follow-up actions to the Examination results at least every month.
- (4) The obligation to report on the implementation of follow-up actions as referred to in paragraph (2) or paragraph (3) shall end if the Financial Services Authority assesses that PVML has implemented the follow-up actions as referred to in paragraph (1).
- (5) The Financial Services Authority assessment as referred to in paragraph (4) shall be submitted to PVML by mail.

Subdivision 6

Examination by Foreign Parties

Article 16

- (1) Examination of PVML whose shares are partly owned by foreign financial institutions, which are carried out by an examiner from a financial services sector supervisory authority from another country may only be carried out after obtaining written permission from the Financial Services Authority.
- (2) The written permission application as referred to in paragraph (1) must be submitted to the Financial Services Authority no later than 14 (fourteen) business days before the Examination is carried out.
- (3) Approval or rejection of the permission application as referred to in paragraph (2) shall be given no later than 7 (seven) business days after the application letter is received by the Financial Services Authority.
- (4) The Financial Services Authority may request the examiner as referred to in paragraph (1) to simultaneously examine matters required by the Financial Services Authority during the Examination.

- (5) The Financial Services Authority may order Financial Services Authority employees to accompany the examiner as referred to in paragraph (1) during the examination activities.
- (6) The granting of an Examination permit as referred to in paragraph (1) shall be carried out by adhering to the principle of reciprocity which shall be stated in writing.
- (7) The examiner from the financial services sector supervisory authority from another country as referred to in paragraph (1) must submit the results of the Examination to the Financial Services Authority.

Article 17

PVML must report to the Financial Services Authority regarding the planned Examination of PVML whose shares are partly owned by shareholders domiciled overseas, which are carried out by an examiner assigned by the shareholders domiciled overseas.

Division Four Administrative Sanctions

Article 18

- (1) PVML that violate the provisions of Article 3 paragraph (3), Article 11, Article 15 paragraph (1), paragraph (2) and paragraph (3), and/or Article 17 shall be subject to administrative sanctions in the form of:
 - a. written warning;
 - b. partial or complete suspension of business activities;
 - c. restrictions of certain business activities;
 - d. decrease in risk level assessment results;
 - e. cancellation of approval;
 - f. dismissal and/or replacement of the Board of Directors; and/or
 - g. administrative fines.
- (2) The administrative sanctions as referred to in paragraph (1) letter b to letter g may be imposed with or without being preceded by the imposition of administrative sanctions in the form of a written warning as referred to in paragraph (1) letter a.
- (3) Administrative sanctions in the form of:
 - a. partial or complete suspension of business activities as referred to in paragraph (1) letter b;
 - b. restrictions of certain business activities as referred to in paragraph (1) letter c; and/or
 - c. cancellation of approval as referred to in paragraph (1) letter e,shall be exempted for LPEI, BP Tapera, PT PNM, PPSP, and PT SMI (Persero).
- (4) The administrative fines as referred to in paragraph (1) letter g shall be imposed up to a maximum of Rp50,000,000.00 (fifty million rupiah).
- (5) If the PVML has fulfilled the provisions as referred to in paragraph (1), the Financial Services Authority shall revoke the administrative sanctions.
- (6) In the event of a violation of the provisions as referred to in paragraph (1) and the violation has been

corrected, the Financial Services Authority shall impose an administrative sanction in the form of a written warning which will automatically end.

- (7) In addition to the administrative sanctions as referred to in paragraph (1), the Financial Services Authority may:
- lower the Soundness Level assessment results;
 - carry out a reassessment of the primary party that caused PVML to violate the provisions as referred to in paragraph (1); and/or
 - carry out a record of the track record of the parties related to PVML which causes PVML to violate the provisions as referred to in paragraph (1) in the Financial Services Authority electronic system.

Article 19

- (1) Shareholders, subsidiaries, and other parties that carry out transactions with PVML as referred to in Article 4 paragraph (3) letter c who do not fulfill the provisions of Article 11 shall be subject to administrative sanctions in the form of:
- written warning;
 - cancellation of approval;
 - prohibition on becoming a PSP, Director, Board of Commissioners, and/or DPS; and/or
 - administrative fines.
- (2) The administrative sanctions as referred to in paragraph (1) letter b to letter d may be imposed with or without being preceded by the imposition of administrative sanctions in the form of a written warning as referred to in paragraph (1) letter a.
- (3) Administrative sanctions in the form of administrative fines as referred to in paragraph (1) letter d shall be imposed up to a maximum of Rp50,000,000.00 (fifty million rupiah).
- (4) In the event that shareholders, subsidiaries and other parties conducting transactions with PVML have fulfilled the provisions as referred to in paragraph (1), the Financial Services Authority shall revoke administrative sanctions.
- (5) In the event of a violation of the provisions as referred to in paragraph (1) and the violation has been corrected, the Financial Services Authority shall impose an administrative sanction in the form of a written warning which will automatically end.
- (6) In addition to the administrative sanctions as referred to in paragraph (1), the Financial Services Authority may record the track record of parties related to PVML which causes PVML to violate the provisions as referred to in paragraph (1) in the Financial Services Authority electronic system.

Article 20

- (1) Other parties who do not fulfill the provisions as referred to in Article 8 and/or Article 10 paragraph (2) shall be subject to administrative sanctions in the form of:
- written warning;
 - recommendations for cancellation of registration with the Financial Services Authority for other appointed parties including independent public accountants, actuaries and/or appraisers;
 - recommendation for the revocation or cancellation of the business license of other appointed parties to the authorized agency; and/or

- d. administrative fines.
- (2) The administrative sanctions as referred to in paragraph (1) letter b to letter d may be imposed with or without being preceded by the imposition of administrative sanctions in the form of a written warning as referred to in paragraph (1) letter a.
- (3) Administrative sanctions in the form of administrative fines as referred to in paragraph (1) letter d shall be imposed up to a maximum of Rp50,000,000.00 (fifty million rupiah).
- (4) If the party has fulfilled the provisions as referred to in paragraph (1), the Financial Services Authority shall revoke the administrative sanctions.
- (5) In the event of a violation of the provisions as referred to in paragraph (1) and the violation has been corrected, the Financial Services Authority shall impose an administrative sanction in the form of a written warning which will automatically end.
- (6) In addition to the administrative sanctions as referred to in paragraph (1), the Financial Services Authority may record the track record of parties related to PVML which causes PVML to violate the provisions as referred to in paragraph (1) in the Financial Services Authority electronic system.

CHAPTER III

FOLLOW-UP OF SUPERVISION

Article 21

- (1) The Financial Services Authority shall conduct supervisory actions on PVML.
- (2) In carrying out supervisory actions on PVML, the Financial Services Authority has the authority to:
 - a. request and/or order PVML to improve the business plan;
 - b. request and/or order PVML not to carry out certain transactions with related parties and/or unrelated parties;
 - c. request and/or order PVML not to carry out certain activities;
 - d. request and/or order PVML to postpone plans to publish products and/or carry out new activities;
 - e. request and/or order PVML not to expand the office network;
 - f. request and/or order PVML to limit or not carry out asset growth, participation and/or provision of new funds;
 - g. request and/or order PVML to write off financing receivables that are classified as bad debt and calculate PVML's losses with PVML's capital;
 - h. request and/or order PVML to limit the receipt of loans and/or issuance of debt securities;
 - i. request and/or order PVML to transfer some or all of the assets and/or transfer liabilities of the PVML to other PVML and/or related parties;
 - j. request and/or order PVML to limit the payment of remuneration or other equivalent forms to members of the Board of Directors, members of the Board of Commissioners, and/or members of the DPS, or compensation to related parties;
 - k. limit the authority of shareholders or members of PVML, general meetings of shareholders or general meetings of members, the Board of Commissioners, the Board of Directors, and shareholders or equivalent;

- l. request and/or order shareholders or the general meeting of PVML members to replace members of the Board of Directors and/or members of the Board of Commissioners;
 - m. request and/or order PVML to postpone or not to distribute profits;
 - n. request and/or order PVML shareholders or members to strengthen capital through capital injections and/or provision of subordinated loans;
 - o. request and/or order shareholders to carry out a merger or consolidation;
 - p. request and/or order shareholder or its equivalent to sell PVML ownership to buyers;
 - q. appoint statutory managers and order PVML to support the implementation of the duties of statutory managers placed in PVML; and/or
 - r. request and/or order PVML to take other actions deemed necessary.
- (3) The authority of the Financial Services Authority in carrying out supervisory actions as referred to in paragraph (2), is through:
 - a. written instructions; and/or
 - b. written order.
- (4) PVML must fulfill:
 - a. written instructions as referred to in paragraph (3) letter a; and/or
 - b. written order as referred to in paragraph (3) letter b.
- (5) In fulfilling written instructions from the Financial Services Authority as referred to in paragraph (4) letter a, PVML shall convey commitments that are binding and implemented by:
 - a. Board of Directors and/or Board of Commissioners, to carry out or not to carry out certain actions; and/or
 - b. PSP, to address problems that are the responsibility of PSP.
- (6) In fulfilling written orders from the Financial Services Authority as referred to in paragraph (3) letter b, it shall be carried out in accordance with Regulation of the Financial Services Authority regarding written orders.

Article 22

- (1) PVML that violate the provisions of Article 21 paragraph (4) letter a shall be subject to administrative sanctions in the form of:
 - a. written warning;
 - b. partial or complete suspension of business activities;
 - c. restrictions of certain business activities;
 - d. decrease in risk level assessment results;
 - e. cancellation of approval;
 - f. dismissal and/or replacement of the Board of Directors;
 - g. prohibition on becoming a PSP, Director, Board of Commissioners, and/or DPS; and/or
 - h. administrative fines.

- (2) The administrative sanctions as referred to in paragraph (1) letter b to letter h may be imposed with or without being preceded by the imposition of administrative sanctions in the form of a written warning as referred to in paragraph (1) letter a.
- (3) Administrative sanctions in the form of administrative fines as referred to in paragraph (1) letter h shall be imposed up to a maximum of Rp50,000,000.00 (fifty million rupiah).
- (4) If the PVML has fulfilled the provisions as referred to in paragraph (1), the Financial Services Authority shall revoke the administrative sanctions.
- (5) In the event of a violation of the provisions as referred to in paragraph (1) and the violation has been corrected, the Financial Services Authority shall impose an administrative sanction in the form of a written warning which will automatically end.
- (6) In addition to the administrative sanctions as referred to in paragraph (1), the Financial Services Authority may:
 - a. lower the Soundness Level assessment results;
 - b. carry out a reassessment of the primary party that caused PVML to violate the provisions as referred to in paragraph (1); and/or
 - c. carry out a record of the track record of the parties related to PVML which causes PVML to violate the provisions as referred to in paragraph (1) in the Financial Services Authority electronic system.

CHAPTER IV DETERMINATION OF SUPERVISION STATUS

Division One General

Article 23

- (1) The Financial Services Authority shall determine the Supervision status of the following PVML:
 - a. Financing Company;
 - b. Infrastructure Financing Company;
 - c. Venture Capital Company;
 - d. Microfinance Institution;
 - e. Pawnshop Company; and
 - f. LPBBTI Provider.
- (2) The Supervision Status of PVML as referred to in paragraph (1) shall consist of:
 - a. normal Supervision;
 - b. intensive Supervision; or
 - c. special Supervision.

Division Two
Criteria and Duration of Intensive Supervision Status

Article 24

- (1) The Financial Services Authority shall determine the intensive Supervision status for PVML as referred to in Article 23 paragraph (2) letter b, if it meets the following criteria:
 - a. Soundness Level is set at Composite Rating 4 (four); and/or
 - b. meet quantitative parameters.
- (2) Fulfillment of quantitative parameters as referred to in paragraph (1) letter b, shall consist of:
 - a. for Financing Companies, meet quantitative parameters of:
 1. the ratio of core capital to paid-up capital that is greater than or equal to 0% (zero percent) and less than 50% (fifty percent); and/or
 2. the ratio of net non-performing financing receivables and/or the ratio of net non-performing productive assets that is greater than 5% (five percent) and less than or equal to 25% (twenty-five percent);
 - b. for Venture Capital Companies, meet the quantitative parameters of:
 1. the ratio of equity to paid-up capital that is greater than or equal to 0% (zero percent) and less than 30% (thirty percent); and/or
 2. the ratio of net non-performing financing receivables and/or the ratio of net non-performing productive assets that is greater than 5% (five percent) and less than or equal to 25% (twenty-five percent);
 - c. for Infrastructure Financing Companies, meet the quantitative parameters:
 1. the ratio of equity to paid-up capital that is greater than or equal to 0% (zero percent) and less than 50% (fifty percent); and/or
 2. the ratio of net non-performing financing receivables that is greater than 5% (five percent) but less than or equal to 25% (twenty-five percent);
 - d. for Microfinance Institutions, meet the quantitative parameters of:
 1. the ratio of equity to paid-up capital that is greater than or equal to 50% (fifty percent) and less than 75% (seventy-five percent); and/or
 2. the ratio of net non-performing loans/financing receivables that is greater than 5% (five percent) and less than 25% (twenty-five percent);
 - e. for Pawnshop Companies, meet the quantitative parameters of:
 1. the ratio of equity to paid-up capital that is greater than or equal to 0% (zero percent) and less than 50% (fifty percent); and/or
 2. the ratio of net non-performing loans/financing receivables that is greater than 5% (five percent) and less than 25% (twenty-five percent); and
 - f. for LPBBTI Providers, meet the quantitative parameters:
 1. the ratio of equity to paid-up capital that is greater than or equal to 0% (zero percent) and less than 50% (fifty percent); and/or

2. ratio of non-performing funding that is greater than or equal to 5% (five percent) and less than 25% (twenty-five percent).

Article 25

- (1) The Financial Services Authority shall determine PVML with Intensive Supervision status as referred to in Article 24 paragraph (1) for a maximum period of 1 (one) year from the date of the Financial Services Authority's notice.
- (2) The Financial Services Authority may determine an extension of the period of intensive Supervision status as referred to in paragraph (1) if:
 - a. the period of Intensive Supervision status ends; and
 - b. based on the assessment of the Financial Services Authority, PVML still meets the criteria as referred to in Article 24,for a maximum of 1 (one) time with a maximum period of 1 (one) year.
- (3) The determination of the extension of the time period as referred to in paragraph (2) shall be based on the assessment of the Financial Services Authority by taking into account the completion of the approved action plan.
- (4) The determination of the extension of the period of intensive Supervision status as referred to in paragraph (2) shall be accompanied by an increase in Supervision measures.
- (5) If the extension period as referred to in paragraph (2) ends, the Financial Services Authority shall determine an increase in the Supervision status.

Article 26

- (1) PVML that meets the criteria as referred to in Article 24 may not be determined to have Intensive Supervision status for a certain period of time by the Financial Services Authority, if the PVML is:
 - a. in the process of merger, consolidation, or acquisition; and/or
 - b. in the process of increasing paid-up capital, the minimum amount has been recorded in the capital contribution fund criteria,to meet the criteria for normal Supervision status.
- (2) The Financial Services Authority shall determine that PVML that meets the criteria as referred to in paragraph (1) has normal Supervision status.
- (3) For PVML which meets the criteria as referred to in paragraph (1) and does not meet the criteria for normal Supervision status and it is known that it is:
 - a. not following up on the merger, consolidation, or acquisition process; and/or
 - b. not following up on the process of increasing paid-up capital,the Financial Services Authority shall determine it as PVML with intensive Supervision status.

Article 27

- (1) The Financial Services Authority may determine a change in Supervision status from Intensive Supervision status to Normal Supervision status if the condition of the PVML as referred to in Article 23 paragraph (1) improves and no longer meets the criteria as referred to in Article 24.

- (2) The determination of changes to the PVML Supervision status as referred to in paragraph (1) shall be notified in writing by the Financial Services Authority to the Board of Directors and Board of Commissioners of PVML.

Division Three

Criteria and Duration of Special Supervision Status

Article 28

- (1) The Financial Services Authority shall determine special Supervision status for PVML as referred to in Article 23 paragraph (2) letter c, if it meets the following criteria:
- the period of Intensive Supervision status has ended;
 - Soundness Level is set at Composite Rating 5 (five);
 - fulfill quantitative parameters; and/or
 - meets criteria other than letter a, letter b, or letter c which have an impact on the continuity of PVML's business and/or are detrimental to the interests of customers/the community.
- (2) Fulfillment of quantitative parameters as referred to in paragraph (1) letter c, shall consist of:
- for Financing Companies, meet the quantitative parameters of:
 - the ratio of core capital to paid-up capital that is less than 0% (zero percent); and/or
 - the ratio of net non-performing financing receivables and/or the ratio of net non-performing productive assets that is greater than 25% (twenty-five percent);
 - for Venture Capital Companies, meet the quantitative parameters of:
 - the ratio of equity to paid-up capital that is less than 0% (zero percent); and/or
 - the ratio of net non-performing financing receivables and/or the ratio of net non-performing productive assets that is greater than 25% (twenty-five percent);
 - for Infrastructure Financing Companies, meet the quantitative parameters:
 - the ratio of equity to paid-up capital that is less than 0% (zero percent); and/or
 - the ratio of net non-performing financing receivables and/or the ratio of net non-performing productive assets that is greater than 25% (twenty-five percent);
 - for Microfinance Institutions, meet the quantitative parameters of:
 - the ratio of equity to paid-up capital that is less than 50% (fifty percent); and/or
 - the ratio of net non-performing loans/financing receivables that is greater than or equal to 25% (twenty-five percent);
 - for Pawnshop Companies, meet the quantitative parameters of:
 - the ratio of equity to paid-up capital that is less than 0% (zero percent); and/or
 - the ratio of net non-performing loans that is greater than or equal to 25% (twenty-five percent); and
 - for LPBBTI Providers, meet the quantitative parameters:

1. the ratio of equity to paid-up capital that is less than 0% (zero percent); and/or
2. ratio that is greater than or equal to 25% (twenty-five percent).

Article 29

- (1) The Financial Services Authority shall determine PVML with special Supervision status as referred to in Article 28 paragraph (1) for a maximum period of 6 (six) months from the date of the Financial Services Authority's notice.
- (2) The Financial Services Authority may determine an extension of the period of special Supervision status as referred to in paragraph (1) if:
 - a. the term of special Supervision status ends; and
 - b. based on the assessment of the Financial Services Authority, PVML still meets the criteria as referred to in Article 28,for a maximum of 1 (one) time with a maximum period of 6 (six) months.
- (3) The determination of the extension of the time period as referred to in paragraph (2) shall be based on the assessment of the Financial Services Authority by taking into account the completion of the approved action plan.
- (4) The determination of the extension of the period of special Supervision status as referred to in paragraph (2) shall be accompanied by an increase in Supervision measures.

Article 30

- (1) PVML that meets the criteria as referred to in Article 28 may not be determined to have Special Supervision status within a certain period of time by the Financial Services Authority, if the PVML is:
 - a. in the process of merger, consolidation, or acquisition; and/or
 - b. in the process of increasing paid-up capital, at least has been recorded in the capital contribution fund criteria,in meeting the criteria for normal Supervision status.
- (2) The Financial Services Authority shall determine that PVML that meets the criteria as referred to in paragraph (1) is in normal Supervision status.
- (3) For PVML which meets the criteria as referred to in paragraph (1) and does not meet the criteria for normal Supervision status and it is known that it is:
 - a. not following up on the merger, consolidation, or acquisition process; and/or
 - b. not following up on the process of increasing paid-up capital,the Financial Services Authority shall determine PVML as under special Supervision status.

Article 31

- (1) The Financial Services Authority may determine a change in Supervision status from special Supervision status to normal Supervision status and/or intensive Supervision if the condition of the PVML as referred to in Article 23 paragraph (1) improves and no longer meets the criteria as referred to in Article 28.
- (2) The determination of changes to the PVML Supervision status as referred to in paragraph (1) shall be

notified in writing by the Financial Services Authority to the Board of Directors and Board of Commissioners of PVML.

CHAPTER V

FOLLOW-UP OF SUPERVISION STATUS

Article 32

The Financial Services Authority shall submit a notice regarding the determination of the PVML Supervision status as referred to in Article 23 paragraph (1) including:

- a. Intensive Supervision; or
- b. Special Supervision,

to the Board of Directors and Board of Commissioners along with the reasons for determining the Supervision status.

Article 33

- (1) PVML with intensive Supervision or special Supervision status as referred to in Article 32 must submit an action plan to the Financial Services Authority no later than 15 (fifteen) business days from the notice of Supervision status by the Financial Services Authority.
- (2) The action plan as referred to in paragraph (1) shall at least contain an improvement plan to be carried out in accordance with the problems faced by PVML along with a time frame for completion.
- (3) The improvement plan as referred to in paragraph (2) shall include:
 - a. improving business plan;
 - b. not carrying out certain transactions with related parties and/or unrelated parties;
 - c. not doing certain activities;
 - d. limiting the implementation of product publication plans and/or the implementation of new activities;
 - e. not expanding the office network;
 - f. limiting or not carrying out asset growth, participation, and/or provision of new funds;
 - g. writing off financing receivables that are classified as bad debt and calculating PVML losses with PVML capital;
 - h. limiting the acceptance of loans and/or issuance of debt securities;
 - i. selling some or all of PVML's assets and/or transferring PVML's liabilities to other PVML and/or related parties;
 - j. transferring assets and/or liabilities to other parties;
 - k. limiting the payment of remuneration or other equivalent forms to members of the Board of Directors, members of the Board of Commissioners, and/or members of the DPS, or compensation to related parties;
 - l. replacing members of the Board of Directors and/or members of the Board of Commissioners;
 - m. delaying or not distributing profits;

- n. strengthening capital through capital injections and/or receipt of subordinated loans;
 - o. carrying out a merger or consolidation; and
 - p. other actions.
- (4) The action plan as referred to in paragraph (2) must be signed by all members of the Board of Directors and members of the Board of Commissioners.
- (5) The action plan as referred to in paragraph (1) must first be approved by the general meeting of shareholders or the general meeting of members if the action plan in question includes a plan to increase paid-up capital or a plan for a merger or consolidation.

Article 34

- (1) The action plan as referred to in Article 33 paragraph (2) must obtain approval from the Financial Services Authority.
- (2) The Financial Services Authority shall submit a request for improvement, rejection, or approval of the action plan submitted by the PVML as referred to in paragraph (1) within a maximum period of 15 (fifteen) business days from receipt of the complete action plan.
- (3) The Financial Services Authority shall submit a request for improvements to the action plan as referred to in paragraph (2) if the action plan is deemed capable of resolving problems that have not been met by the PVML, but the action plan still requires improvements.
- (4) The request for improvements to the action plan as referred to in paragraph (3) shall refer to the Supervision actions as referred to in Article 21 paragraph (2).
- (5) PVML must submit a an action plan that has been improved in accordance with the request of the Financial Services Authority as referred to in paragraph (3) no later than 15 (fifteen) business days from the date of the letter requesting improvement to the action plan from the Financial Services Authority.
- (6) In the event that PVML has submitted an action plan that has been improved in accordance with the request of the Financial Services Authority, the Financial Services Authority shall provide approval or rejection in accordance with the provisions as referred to in paragraph (2).
- (7) The Financial Services Authority shall submit a rejection of the action plan as referred to in paragraph (2) or paragraph (6) if the action plan is deemed unable to resolve the problems that cause PVML to meet the criteria for Intensive Supervision or Special Supervision status.
- (8) In the event that the submitted action plan is rejected by the Financial Services Authority, PVML must submit a new action plan no later than 15 (fifteen) business days from the date of the notice of rejection.
- (9) The Financial Services Authority shall provide approval for the action plan as referred to in paragraph (2) or paragraph (6) if the action plan is deemed capable of resolving the problems that cause PVML to meet the criteria for Intensive Supervision or Special Supervision status.
- (10) If within the time period as referred to in paragraph (2), the Financial Services Authority does not submit a request for improvement, rejection, or approval, PVML may implement an action plan in accordance with that which has been submitted to the Financial Services Authority.

Article 35

- (1) PVML must implement the action plan that has received approval from the Financial Services Authority as referred to in Article 34 paragraph (1).
- (2) PVML must submit a report on the implementation of the action plan on a monthly basis, which must be

submitted by no later than the 10th (tenth) of the following month.

- (3) If the deadline for the submission of the monthly action plan report as referred to in paragraph (2) falls on a holiday, the deadline for the submission of the report shall be the first following business day.
- (4) The report on the implementation of the action plan as referred to in paragraph (2) must contain at least:
 - a. improvement actions that have been taken by PVML; and
 - b. time for the implementation of improvements.

Article 36

- (1) In the event that the Financial Services Authority assesses that:
 - a. PVML conditions are getting worse;
 - b. there are certain business activities that are one of the causes of the worsening condition of PVML; and/or
 - c. there is a violation of the provisions of laws and regulations committed by:
 1. Board of Directors;
 2. Board of Commissioners;
 3. DPS; and/or
 4. PSP,the Financial Services Authority may take Supervision action in the form of restrictions of certain business activities against PVML with intensive Supervision or special Supervision status.
- (2) Restrictions of certain business activities as referred to in paragraph (1) shall be notified in writing by the Financial Services Authority to the PVML accompanied by the time period for restriction of certain business activities.
- (3) The Financial Services Authority may announce the imposition of restrictions of certain business activities against PVML as referred to in paragraph (1), on the Financial Services Authority website.

Article 37

- (1) PVML that is subject to restrictions of certain business activities as referred to in Article 36 paragraph (1) must:
 - a. stop certain business activities that are subject to restrictions; and
 - b. notify the entire office network of certain business activities that are subject to restrictions.
- (2) Stoppage of certain business activities and notification to the entire office network as referred to in paragraph (1) must be carried out from the date of receipt of the notice regarding the restriction of certain business activities from the Financial Services Authority as referred to in Article 36 paragraph (2).

Article 38

- (1) PVML with special Supervision status determined by the Financial Services Authority cannot be restored if:
 - a. the term of special Supervision status ends; and

- b. based on the assessment of the Financial Services Authority, PVML still meets the criteria as referred to in Article 28.
- (2) In the event that a PVML with special Supervision status as determined by the Financial Services Authority cannot be restored as referred to in paragraph (1), the Financial Services Authority shall impose administrative sanctions in the form of revocation of the PVML's business license.
- (3) The revocation of the PVML business license as referred to in paragraph (2) must be notified in writing to:
 - a. Board of Directors;
 - b. Board of Commissioners; and
 - c. PSP.
- (4) The Financial Services Authority shall announce the revocation of the PVML business license as referred to in paragraph (2) on the Financial Services Authority website.

Article 39

- (1) PVML that violate the provisions of Article 33 paragraph (1), Article 34 paragraph (5), paragraph (8), Article 35 paragraph (1), paragraph (2), and/or Article 37 shall be subject to administrative sanctions in the form of:
 - a. written warning;
 - b. restrictions of certain business activities;
 - c. partial or complete suspension of business activities;
 - d. decrease in risk level assessment results;
 - e. cancellation of approval;
 - f. dismissal and/or replacement of the Board of Directors;
 - g. prohibition on becoming a PSP, Director, Board of Commissioners, and/or DPS; and/or
 - h. administrative fines.
- (2) The administrative sanctions as referred to in paragraph (1) letter b to letter h may be imposed with or without being preceded by the imposition of administrative sanctions in the form of a written warning as referred to in paragraph (1) letter a.
- (3) Administrative sanctions in the form of administrative fines as referred to in paragraph (1) letter h shall be imposed up to a maximum of Rp50,000,000.00 (fifty million rupiah).
- (4) If the PVML has fulfilled the provisions as referred to in paragraph (1), the Financial Services Authority shall revoke the administrative sanctions.
- (5) In the event of a violation of the provisions as referred to in paragraph (1) and the violation has been corrected, the Financial Services Authority shall impose an administrative sanction in the form of a written warning which will automatically end.
- (6) In addition to the administrative sanctions as referred to in paragraph (1), the Financial Services Authority may:
 - a. lower the Soundness Level assessment results;
 - b. carry out a reassessment of the primary party that caused PVML to violate the provisions as referred to in paragraph (1); and/or

- c. carry out a record of the track record of the parties related to PVML which causes PVML to violate the provisions as referred to in paragraph (1) in the Financial Services Authority electronic system.

CHAPTER VI TRANSITIONAL PROVISIONS

Article 40

For Microfinance Institutions that have obtained a business license before this Regulation of the Financial Services Authority is promulgated, the provisions regarding:

- a. Soundness Level criteria in the determination of Supervision status as referred to in Article 24 paragraph (1) letter a and Article 28 paragraph (1) letter b; and
- b. quantitative parameter criteria in the form of the ratio of net non-performing financing receivables in the determination of the Supervision status as referred to in Article 24 paragraph (2) letter d number 2 and Article 28 paragraph (2) letter d number 2,

shall be declared to be in force 3 (three) years from the date of promulgation of this Regulation of the Financial Services Authority.

Article 41

For Pawnshop Companies that have obtained a business license before this Regulation of the Financial Services Authority is promulgated, the provisions regarding:

- a. Soundness Level criteria in the determination of Supervision status as referred to in Article 24 paragraph (1) letter a and Article 28 paragraph (1) letter b;
- b. quantitative parameter criteria in the form of ratio of equity to paid-up capital in the determination of Supervision status as referred to in Article 24 paragraph (2) letter e number 1 and Article 28 paragraph (2) letter e number 1; and
- c. quantitative parameter criteria in the form of the ratio of net non-performing loans in the determination of the Supervision status as referred to in Article 24 paragraph (2) letter e number 2 and Article 28 paragraph (2) letter e number 2,

shall be declared to be in force 1 (one) year from the date of promulgation of this Regulation of the Financial Services Authority.

Article 42

For LPBBTI Providers that have obtained a business license before this Regulation of the Financial Services Authority is promulgated, the provisions regarding:

- a. Soundness Level criteria in the determination of Supervision status as referred to in Article 24 paragraph (1) letter a and Article 28 paragraph (1) letter b;
- b. quantitative parameter criteria in the form of ratio of equity to paid-up capital in the determination of Supervision status as referred to in Article 24 paragraph (2) letter f number 1 and Article 28 paragraph (2) letter f number 1; and
- c. quantitative parameter criteria in the form of a non-performing funding ratio in the determination of Supervision status as referred to in Article 24 paragraph (2) letter f number 2 and Article 28 paragraph (2)

letter f number 2,

shall be declared to be in force 1 (one) year from the date of promulgation of this Regulation of the Financial Services Authority.

Article 43

- (1) The determination of Financing Companies and Venture Capital Companies under Intensive Supervision or Special Supervision status before this Regulation of the Financial Services Authority is promulgated shall be declared to remain in force until notification regarding the determination of the next Supervision status by the Financial Services Authority.
- (2) Action plans that have been submitted by Financing Companies and Venture Capital Companies under Intensive Supervision and Special Supervision status before this Regulation of the Financial Services Authority is promulgated shall continue to be processed in accordance with Regulation of the Financial Services Authority Number 9/POJK.05/2021 on Determination of Status and Follow-up of Supervision of Non-Bank Financial Services Institutions.

Article 44

- (1) Any administrative sanctions imposed on PVML based on:
 - a. Regulation of the Financial Services Authority Number 9/POJK.05/2021 on Determination of Status and Follow-up of Supervision of Non-Bank Financial Services Institutions;
 - b. Regulation of the Financial Services Authority Number 11/POJK.05/2014 on Direct Examination of Non-Bank Financial Services Institutions as amended several times, most recently by Regulation of the Financial Services Authority Number 30/POJK.05/2020 on Second Amendment to Regulation of the Financial Services Authority Number 11/POJK.05/2014 on Direct Examination of Non-Bank Financial Services Institutions; and
 - c. Regulation of the Financial Services Authority Number 14/POJK.05/2014 on the Development and Supervision of Microfinance Institutions,shall be declared to remain valid as long as it does not conflict with this Regulation of the Financial Services Authority.
- (2) PVML that has not been able to resolve the reasons for the imposition of administrative sanctions as referred to in paragraph (1) shall be subject to further administrative sanctions in accordance with the procedures for the imposition of administrative sanctions as regulated in this Regulation of the Financial Services Authority.

CHAPTER VII

CLOSING PROVISION

Article 45

At the time this Regulation of the Financial Services Authority comes into force:

- a. Regulation of the Financial Services Authority Number 4/POJK.05/2018 on Secondary Housing Financing Companies (State Gazette of the Republic of Indonesia of 2018 Number 40, Supplement to the State Gazette of the Republic of Indonesia Number 6192) as amended by Regulation of the Financial Services Authority Number 12/POJK.05/2022 on Amendment to Regulation of the Financial Services Authority

Number 4/POJK.05/2018 on Secondary Housing Financing Companies (State Gazette of the Republic of Indonesia of 2022 Number 6/OJK, Supplement to the State Gazette of the Republic of Indonesia Number 6/OJK);

- b. Regulation of the Financial Services Authority Number 16/POJK.05/2019 on Supervision of PT Permodalan Nasional Madani (Persero) (State Gazette of the Republic of Indonesia of 2019 Number 107, Supplement to the State Gazette of the Republic of Indonesia Number 6357);
- c. Regulation of the Financial Services Authority Number 46/POJK.05/2020 on Infrastructure Financing Companies (State Gazette of the Republic of Indonesia of 2020 Number 249, Supplement to the State Gazette of the Republic of Indonesia Number 6576);
- d. Regulation of the Financial Services Authority Number 9/POJK.05/2022 on Supervision of Indonesian Export Financing Institutions (State Gazette of the Republic of Indonesia of 2022 Number 1/OJK, Supplement to the State Gazette of the Republic of Indonesia Number 1/OJK);
- e. Regulation of the Financial Services Authority Number 10/POJK.05/2022 on Information Technology-Based Joint Funding Services (State Gazette of the Republic of Indonesia of 2022 Number 2/OJK, Supplement to the State Gazette of the Republic of Indonesia Number 2/OJK);
- f. Regulation of the Financial Services Authority Number 20 of 2022 on Supervision of the Public Housing Savings Management Agency by the Financial Services Authority (State Gazette of the Republic of Indonesia of 2022 Number 23/OJK, Supplement to the State Gazette of the Republic of Indonesia Number 15/OJK); and
- g. Regulation of the Financial Services Authority Number 25 of 2023 on the Implementation of PMV and PMVS Businesses (State Gazette of the Republic of Indonesia of 2023 Number 43/OJK, Supplement to the State Gazette of the Republic of Indonesia Number 65/OJK),

is declared to remain valid as long as it does not conflict with the provisions in this Regulation of the Financial Services Authority.

Article 46

- (1) At the time this Regulation of the Financial Services Authority comes into force, Regulation of the Financial Services Authority Number 11/POJK.05/2014 on Direct Examination of Non-Bank Financial Services Institutions (State Gazette of the Republic of Indonesia of 2014 Number 198, Supplement to the State Gazette of the Republic of Indonesia Number 5576) as amended several times, most recently by Regulation of the Financial Services Authority Number 30/POJK.05/2020 on Second Amendment to Regulation of the Financial Services Authority Number 11/POJK.05/2014 on Direct Examination of Non-Bank Financial Services Institutions (State Gazette of the Republic of Indonesia of 2020 Number 122, Supplement to the State Gazette of the Republic of Indonesia Number 6506), shall be declared not applicable to Financing Companies, Infrastructure Financing Companies, Venture Capital Companies, Pawnshop Companies, LPBBI Providers, PPSP, LPEI, and PT PNM.
- (2) At the time this Regulation of the Financial Services Authority comes into force, the provisions regarding the determination of status and follow-up of Supervision in Regulation of the Financial Services Authority Number 9/POJK.05/2021 on the Determination of Status and Follow-up of Supervision of Non-bank Financial Services Institutions (State Gazette of the Republic of Indonesia of 2021 Number 144, Supplement to the State Gazette of the Republic of Indonesia Number 6690), shall be declared not applicable to Financing Companies and Venture Capital Companies.
- (3) At the time this Regulation of the Financial Services Authority comes into force, the provisions regarding Chapter IX on the determination of status and follow-up of Supervision in Regulation of the Financial Services Authority Number 25 of 2023 on the Implementation of PMV and PMVS Businesses (State Gazette of the Republic of Indonesia of 2023 Number 43/OJK, Supplement to the State Gazette of the

Republic of Indonesia Number 65/OJK), shall be repealed and declared not applicable to Venture Capital Companies.

- (4) At the time this Regulation of the Financial Services Authority comes into force, the provisions regarding Chapter XIII on the determination of supervisory status in Regulation of the Financial Services Authority Number 46/POJK.05/2020 on Infrastructure Financing Companies (State Gazette of the Republic of Indonesia of 2020 Number 249, Supplement to the State Gazette of the Republic of Indonesia Number 6576), shall be declared not applicable to Infrastructure Financing Companies.

Article 47

At the time this Regulation of the Financial Services Authority comes into force, the implementing provisions of:

- a. Regulation of the Financial Services Authority Number 11/POJK.05/2014 on Direct Examination of Non-Bank Financial Services Institutions (State Gazette of the Republic of Indonesia of 2014 Number 198, Supplement to the State Gazette of the Republic of Indonesia Number 5576) as amended several times, most recently by Regulation of the Financial Services Authority Number 30/POJK.05/2020 on Second Amendment to Regulation of the Financial Services Authority Number 11/POJK.05/2014 on Direct Examination of Non-Bank Financial Services Institutions (State Gazette of the Republic of Indonesia of 2020 Number 122, Supplement to the State Gazette of the Republic of Indonesia Number 6506); and
- b. Regulation of the Financial Services Authority Number 9/POJK.05/2021 on Determination of Status and Follow-up of Supervision of Non-Bank Financial Services Institutions (State Gazette of the Republic of Indonesia of 2021 Number 144, Supplement to the State Gazette of the Republic of Indonesia Number 6690),

shall be declared to remain valid as long as it does not conflict with this Regulation of the Financial Services Authority.

Article 48

At the time this Regulation of the Financial Services Authority comes into force, provisions regarding Supervision, determination of Supervision status, and follow-up of Supervision of PVML shall be subject to this Regulation of the Financial Services Authority.

Article 49

This Regulation of the Financial Services Authority shall come into force from the date of its promulgation.

For public cognizance, it is hereby ordered that this Regulation of the Financial Services Authority be promulgated in the State Gazette of the Republic of Indonesia.

Established in Jakarta

on 30 December 2024

DEPUTY CHAIRMAN OF THE BOARD OF COMMISSIONERS OF THE FINANCIAL SERVICES AUTHORITY
OF THE REPUBLIC OF INDONESIA AS A MEMBER OF THE BOARD OF COMMISSIONERS SUBSTITUTING
FOR THE CHAIRMAN OF THE BOARD OF COMMISSIONERS OF THE FINANCIAL SERVICES AUTHORITY
OF THE REPUBLIC OF INDONESIA,

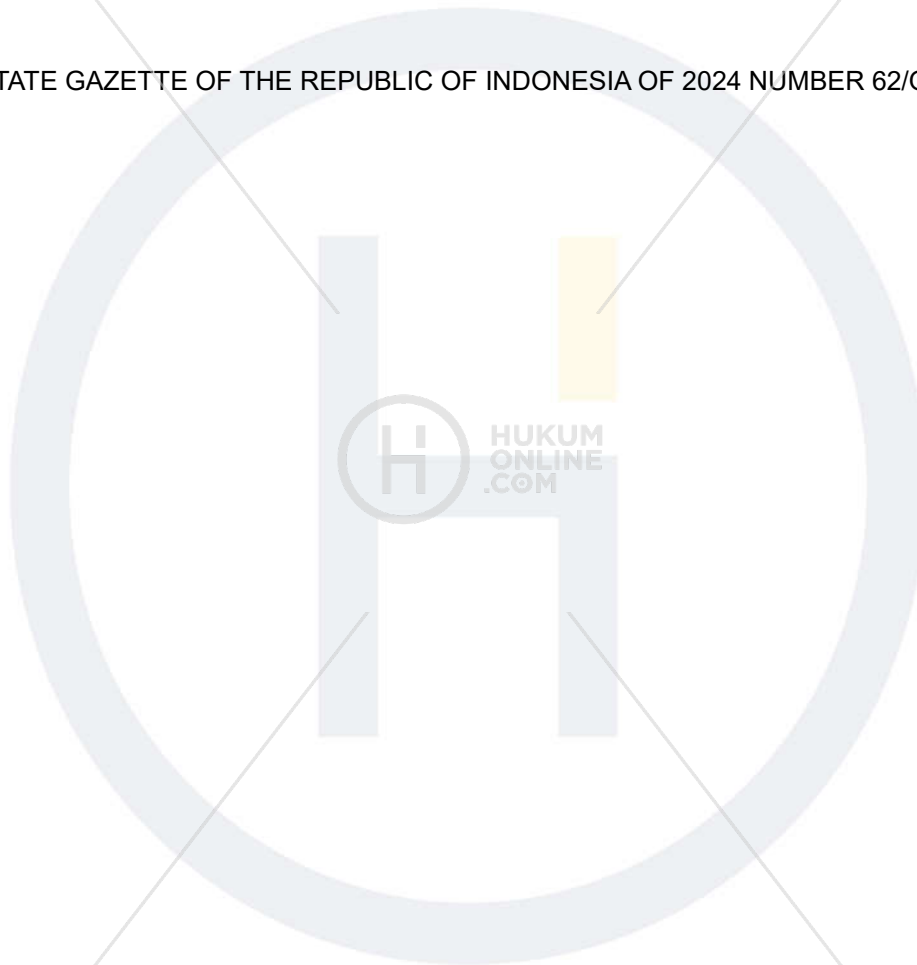
Signed

MIRZA ADITYASWARA

Promulgated in Jakarta
on 31 December 2024

THE MINISTER OF LAW OF THE REPUBLIC OF INDONESIA,
Signed
SUPRATMAN ANDI AGTAS

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2024 NUMBER 62/OJK



**ELUCIDATION OF
REGULATION OF THE FINANCIAL SERVICES AUTHORITY OF THE REPUBLIC OF INDONESIA
NUMBER 49 OF 2024
ON
SUPERVISION, DETERMINATION OF SUPERVISION STATUS, AND FOLLOW-UP OF SUPERVISION OF
FINANCING INSTITUTIONS, VENTURE CAPITAL COMPANIES, MICROFINANCE INSTITUTIONS, AND
OTHER FINANCIAL SERVICE INSTITUTIONS**

I. GENERAL

A sound financial services institution system is one of the prerequisites to support the creation of financial system stability, national economic growth, and maintaining public trust in the industry. Therefore, every problem of financial services institutions needs to receive appropriate action and be resolved quickly so as not to disrupt the stability of the financial system and reduce the level of public trust.

In an effort to improve the health of a financial services institution, problems that arise in financial services institutions need to be identified quickly and formulated appropriately. Problems found must be addressed immediately and if the problems continue to grow, supervisors need to increase supervisory measures in order to be able to provide solutions to resolve the problems that occur. These rapid supervisory measures aim to maintain the continuity of the financial services institution's business so that it can continue to fulfill its obligations to consumers. In the event that it is assessed that a financial services institution can no longer maintain its soundness, supervisors must be able to decide to immediately remove the financial services institution from the market by revoking its business license. The step of revoking a business license shall be carried out immediately after the financial services institution is believed to be unable to maintain its soundness level in order to minimize consumer losses.

Law Number 4 of 2023 on the Development and Strengthening of the Financial Sector (P2SK Law) has provided a legal basis for strengthening the supervisory aspect of financial services institutions. In order to implement the mandate of the provisions of Article 128 paragraph (4) of the P2SK Law, and to support the legal needs for regulations regarding Supervision, Supervision status, and follow-up of Supervision in the financial services sector, it has been deemed necessary to establish Regulation of the Financial Services Authority on Supervision, Determination of Supervision Status, and Follow-up of Supervision for the Financing Institutions, Venture Capital Companies, Microfinance Institutions, and Other Financial Services Institutions (PVML) sectors.

The regulation of the exit policy aspect for PVML shall be expected to provide more comprehensive and detailed guidance on the supervision status, as well as the mechanism and procedures for the dissolution of PVML for both the Financial Services Authority and PVML so that customer rights can be fulfilled immediately, and minimize problems related to customer rights due to incomplete legal instruments or because of the protracted dissolution process. An effective and efficient exit policy mechanism for PVML will ultimately increase PVML consumer protection and increase consumer trust in PVML.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory.

Article 2

Self-explanatory.

Article 3

Paragraph (1)

Letter a

"report" is a periodic report and/or incidental report.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

"other relevant information" is information that is not included in periodic reports, incidental reports, and/or other reports that support the implementation of Supervision, including information obtained through the mass media.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 4

Paragraph (1)

Letter a

Self-explanatory.

Letter b

Electronic face-to-face meetings may be conducted via video call/video conference, among other things.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Letter a

Shareholder or its equivalent are shareholders for PVML in the form of a limited liability company and members for PVML in the form of a cooperative.

Letter b

Self-explanatory.

Letter c

Party other than shareholder or its equivalent or subsidiaries of PVML that carry out transactions with PVML, shall include:

- a. parent company of a financial conglomerate if PVML is included in the financial conglomerate.
- b. parties that cooperate with PVML to market their products, debtors, supporting professions, and/or providers of goods and/or services.

Paragraph (4)

Self-explanatory.

Paragraph (5)

"other places related to PVML either domestically or abroad" is a place that may be used by PVML to carry out operational activities.

Article 5

Paragraph (1)

"certain aspects of PVML's business activities" include aspects of good corporate governance, risk profile, profitability, and capital.

Direct Examinations shall be carried out on certain aspects of PVML's business activities, the examiner can assess one or more aspects of PVML's business activities.

Paragraph (2)

Self-explanatory.

Article 6

Paragraph (1)

Letter a

Self-explanatory.

Letter b

Periodic Examinations shall be carried out, among other things, to investigate the results of indirect Supervision and/or any indications of deviations from sound PVML practices.

Letter c

Self-explanatory.

Paragraph (2)

The determination of the Examination may be based on factors such as human resource availability, budget, and/or PVML size.

Paragraph (3)

"supervisor's assessment of factors that impact business activities" is the supervisor's assessment of institutional factors, financial factors, operational factors, and/or other factors obtained by the supervisor from periodic reports for PVML that have not implemented risk-based Supervision.

Article 7

Self-explanatory.

Article 8

Letter a

Self-explanatory.

Letter b

Affiliated party are:

- a. members of the Board of Commissioners, Board of Directors, DPS, officials and employees of PVML;
- b. parties that provide services to PVML, including public accountants, appraisers, legal consultants, and other consultants; and/or
- c. parties that, in accordance with the Financial Services Authority's assessment, are involved in influencing the management of PVML including:
 1. shareholders; and
 2. their family up to the second degree with members of the Board of Commissioners, members of the Board of Directors, and/or shareholders.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Article 9

Self-explanatory.

Article 10

Paragraph (1)

Self-explanatory.

Paragraph (2)

The terms of reference include, among other things:

- a. purpose and scope of the Examination;
- b. implementation period;

- c. preparation of the report on the Examination results;
- d. Examination techniques and ethics;
- e. the number and qualifications of the examining staff used;
- f. confidentiality of the Examination; and
- g. Examination work paper.

Article 11

Paragraph (1)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

"data/documents" are all types of data or documents, both written and electronic, related to the objects of Supervision of the Financial Services Authority.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Obstructing/preventing the Examination process, among other things, if the PVML and/or related parties being Examined do not show documents or other things required in the Examination to the Financial Services Authority within the specified time limit, or lend books, provide notes, documents or information that is incorrect.

Article 12

Self-explanatory.

Article 13

Paragraph (1)

"confirmation" is an activity to request an additional explanation regarding the examiner's findings by requesting additional evidence or facts regarding the findings in question.

Paragraph (2)

"prior discussion or pre-exit meeting" is an activity to ensure that the results of the Examination by the examination team are in accordance with the evidence or facts.

Paragraph (3)

The closing meeting or exit meeting aims to ensure that there are no differences of opinion between the examination team and the Board of Directors and/or leaders of related parties regarding the Examination results.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Article 14

Paragraph (1)

Self-explanatory.

Paragraph (2)

"confidential" means that it is not permitted to disseminate data and/or information contained in the Examination report.

The report on the Examination results is intended as a guiding tool to improve PVML performance.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 15

Paragraph (1)

Self-explanatory.

Paragraph (2)

The report on the Examination results issued by the Financial Services Authority shall contain an obligation for PVML to submit a report on the implementation of follow-up actions on the Examination Result to the Financial Services Authority.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 16

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

“adhering to the principle of reciprocity” is that in the event that the Financial Services Authority is permitted to conduct an Examination in a country, the same treatment shall be applied to that country, and vice versa.

Paragraph (7)

Self-explanatory.

Article 17

Self-explanatory.

Article 18

Paragraph (1)

The imposition of administrative sanctions shall be carried out by considering, among other things:

- a. the impact of violations of provisions on consumer losses, PVML conditions, and the financial services sector;
- b. complexity of violation of provisions;
- c. PVML's financial condition; and/or
- d. repeated violation of the provisions.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Article 19

Paragraph (1)

The imposition of administrative sanctions shall be carried out by considering, among other things:

- a. the impact of violations of provisions on consumer losses, PVML conditions, and/or the financial services sector;
- b. complexity of the violation of the provisions; and/or
- c. repeated violation of the terms.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 20

Paragraph (1)

See the elucidation of Article 19 paragraph (1).

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 21

Paragraph (1)

Supervision Actions include actions to enforce compliance with applicable regulations including to correct unsafe or unsafe conditions or practices.

Paragraph (2)

Supervision actions shall be adjusted to the characteristics of each PVML.

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Letter g

Self-explanatory.

Letter h

Self-explanatory.

Letter i

Self-explanatory.

Letter j

Self-explanatory.

Letter k

Self-explanatory.

Letter l

Self-explanatory.

Letter m

Self-explanatory.

Letter n

Self-explanatory.

Letter o

Self-explanatory.

Letter p

Self-explanatory.

Letter q

Self-explanatory.

Letter r

Other actions deemed necessary include closing the PVML office network.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 22

Paragraph (1)

See the elucidation of Article 18 paragraph (1).

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 23

Paragraph (1)

Self-explanatory.

Paragraph (2)

Letter a

"normal Supervision" is Supervision of PVML which is assessed:

- a. to not have the potential for difficulties that endanger business continuity; or
- b. to not experience difficulties that endanger business continuity.

Letter b

"intensive Supervision" is Supervision of PVML which is considered to have the potential for difficulties that endanger business continuity.

Letter c

"special Supervision" is Supervision of PVML which is deemed to be experiencing difficulties that endanger business continuity.

Article 24

Paragraph (1)

Self-explanatory.

Paragraph (2)

Letter a

Number 1

"ratio of core capital to paid-up capital" is the comparison between the amount of core capital of a financing company to the amount of paid-up capital.

Number 2

"ratio of net non-performing financing receivables " is the comparison between financing receivables with a quality of substandard, doubtful, and non-performing, after deducting the provision for write-offs of financing receivables for financing receivables consisting of financing receivables with a quality of substandard, doubtful, and non-performing, to total financing receivables.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

Number 1

Self-explanatory.

Number 2

ratio of non-performing funding is a comparison of the quality of outstanding funding in the categories of substandard, doubtful, and/or non-performing compared to the total outstanding funding.

Article 25

Paragraph (1)

The calculation of the PVML monitoring status period shall be a maximum of 1 (one) year, including the period for preparing and revising the action plan.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The Financial Services Authority's assessment is given based on the belief that with the extension of time, the PVML in question could resolve the problems faced.

"completion of the approved action plan" includes the PVML acquisition process.

Paragraph (4)

"increase in Supervision measures" is an increase in the number of Supervision measures and/or the implementation of Supervision measures that have a more serious impact on PVML as referred to in Article 23 paragraph (1) than the Supervision measures previously determined.

Paragraph (5)

Self-explanatory.

Article 26

Paragraph (1)

PVML that are not assigned to the status of PVML under intensive Supervision are PVML that have non-structural problems and are believed to be able to continue to meet the criteria for PVML under normal surveillance.

Letter a

"in the process of merger, consolidation, or acquisition" is PVML which has submitted an application for approval of the merger, consolidation, and/or acquisition plan to the Financial Services Authority in accordance with the provisions of laws and regulations regarding business licensing and institutional aspects of PVML.

Letter b

"capital contribution fund criteria " is PVML shareholders who have made capital deposits to PVML through an escrow account which can increase PVML's capital.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Self-explanatory.

Article 27

Self-explanatory.

Article 28

Self-explanatory.

Article 29

Self-explanatory.

Article 30

Self-explanatory.

Article 31

Self-explanatory.

Article 32

Self-explanatory.

Article 33

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Letter g

Self-explanatory.

Letter h

Self-explanatory.

Letter i

Self-explanatory.

Letter b

Self-explanatory.

Letter j

Self-explanatory.

Letter k

Self-explanatory.

Letter l

Self-explanatory.

Letter m

Self-explanatory.

Letter n

Self-explanatory.

Letter o

Self-explanatory.

Letter p

See the elucidation of Article 21.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 34

Self-explanatory.

Article 35

Self-explanatory.

Article 36

Self-explanatory.

Article 37

Self-explanatory.

Article 38

Paragraph (1)

Letter a

"the term of special Supervision status ends" is the period of special Supervision including extensions of the period.

Letter b

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 39

Self-explanatory.

Article 40

Self-explanatory.

Article 41

Self-explanatory.

Article 42

Self-explanatory.

Article 43

Self-explanatory.

Article 44

Self-explanatory.

Article 45

Self-explanatory.

Article 46

Self-explanatory.

Article 47

Self-explanatory.

Article 48

Self-explanatory.

Article 49

Self-explanatory.

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 130/OJK

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