

CHARGES BY THE FINANCIAL SERVICES AUTHORITY (OJK)

Mar 24, 2014

As a newly established authority pursuant to Law No. 21 of 2011 on the OJK (“**OJK Law**”), the OJK requires proper financing to support its operations so that it can carry on its duties and functions independently and professionally, and in accordance with good corporate governance principles. One of the OJK’s financing sources is from charges obtained from financial services institutions and/or individuals or entities engaging in financial services. On 12 February 2014, the OJK issued Government Regulation No. 11 of 2014 on Charges by the OJK, which is an implementing regulation of Article 37(6) of the OJK Law. Under this new regulation, financial services institutions and/or individuals or entities engaging in financial services (such as banking, capital markets, insurance and pension funds) must pay mandatory charges to the OJK.

The types of charges under this regulation (“**OJK Charges**”) include the following (amounts are provided in the regulation’s attachment):

(i) application fees for (business) licenses, approvals, registrations, legalizations/ ratifications, and the review of corporate action plan (ie in the event of (among others) a public offering, the company’s increase of capital without pre-emptive rights or company’s plan to voluntarily go private or the acquisition of public companies). The fees must be settled prior to the relevant application submission to the OJK.

The regulation sets either a fixed application fee or maximum fee. For example, a company intending to undertake a public offering must pay a registration fee of 0.05% of the emission value and not more than IDR750,000,000 prior to its application submission to the OJK. The application fee for a business license of a commercial bank or insurance company is set at IDR100,000,000

(ii) Annual fees for the management, supervision, assessment, and research activities, are determined based on audited financial reports or otherwise. For fees which are determined based on audited financial reports, payment can be paid in 4 installments by no later than 15th day of every April, July, October and 31st December of the relevant year. For fees which are not determined based on the financial reports, the payment must be settled at the latest on

15th June each year.

Parties who fail to pay the annual fees will be subject to administrative sanctions, i.e. fines in the amount of 2% of the mandatory charges per month of delay, but not more than 48% of the mandatory charges. Other than fines, the OJK may also impose other administrative sanctions, such as decrease of health rating, cancellation of fit and proper test results, limitation of business activities, cancellation of approvals, registrations or legalization or revocation of business license.

The following provisions in the Regulation are also worth noting:

- A financial services institution undertaking more than one activity under the auspices of OJK (such as a commercial bank that is a public company and also carries out businesses as a custodian bank, trustee and Sales Agent of a Mutual Fund) must pay the highest amount of the relevant annual fees as part of the OJK Charges.
- Failure to settle the OJK Charges within the required time will be classified as 'non-performance' by the OJK and its collection will be handled by the Affairs Committee of the State Receivables (PUPN or Panitia Urusan Piutang Negara) in accordance with prevailing regulations.
- The amount of OJK Charges can be reduced to 0% in the event the relevant financial services institution is in financial difficulties, financial restructuring or in the process of assets settlement (pemberesan) by a liquidator or receiver.
- OJK Charges of 0% may also be applied by the OJK to financial services institutions that are specifically established by laws or the Government.

The Regulation (which has been effective since 12 February 2014) further provides that the OJK Charges for 2014 are only 2/3 (two thirds) of the charges amounts set out under the attachment of the Regulation.