

# **NEW BANK INDONESIA REGULATIONS: AN EFFORT TO BRING HOME OFFSHORE LOAN AND EXPORT PROCEEDS**

On 30 September 2011, Bank Indonesia promulgated new Bank Indonesia regulations<sup>1</sup> requiring export and offshore loan proceeds to be received and drawn down (as applicable) through foreign exchange banks in Indonesia (including branches of foreign banks in Indonesia) ("**FX Banks**") which will come into effect as of 2 January 2012 ("**Bank Indonesia Regulations**"). These regulations are intended to ensure stability in the supply of and demand for foreign currency in the domestic market which will in turn lead to stability in the Rupiah exchange rate. However, it is worth noting that there is no requirement under these regulations to convert the export and offshore loan proceeds into Rupiah or to deposit them in Indonesia for a certain minimum period.

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