THE NEW COOPERATIVES LAW

Apr 09, 2013

The new Cooperatives Law (Law 17/2012) issued on 29 October 2012 and in force since 30 October 2012, introduces a new concept not found in the previous, 1992 Law. Members of a cooperative must now hold a Cooperative Capital Certificate (Sertifikat Modal Koperasi), being one of the cooperative's capital sources, and serving as evidence of capital participation in the cooperative. Unlike a certificate of shares in a limited liability company, a Cooperative Capital Certificate does not give the holder any voting right, can only be transferred after one year of ownership and even then, only to another member of the cooperative. The new law also requires management to allocate 20% of the cooperative's profit to a reserve fund.

Savings and Loan Cooperatives (Koperasi Simpan Pinjam), the most popular type of cooperative, are specifically regulated under Chapter 10 of Law 17/2012. It also seems that the Government may establish a Deposit Guarantee Agency (Lembaga Penjamin Simpanan) to provide guarantees to members of Savings and Loan Cooperatives.