

PRESS RELEASE

OJK ISSUES REGULATIONS ON INFRASTRUCTURE FINANCING, SMEs DEVELOPMENT, SUSTAINABLE FINANCE PROGRAMS AND BLOCKING TERRORISTS' FUNDS

Jakarta, July 20, 2017 — The Financial Services Authority (OJK) has issued a number of OJK Regulations, including one concerning sustainable finance programs, a capital market regulation on infrastructure financing, two capital market regulations on development of small, and medium-sized enterprises, and a circular about guidelines on blocking funds belonged to customers who are allegedly terrorists.

The Meeting of OJK's Board of Commissioners on Wednesday (Jul. 19) made its decisions over four OJK Regulations and one circular, reflecting the 2012 – 2017 Board's efforts to conclude a range of policies that they had been working on, especially in promoting government's endeavor to drive infrastructure construction, SME development, and sustainable finance programs.

The OJK regulations are listed below:

1. OJK Regulation No. 51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Services Companies, Issuers, and Public Companies;
2. OJK Regulation No. 52/POJK.04/2017 on Infrastructure Investment Funds in form of Collective Investment Contracts (POJK DINFRA);
3. OJK Regulation No. 53/POJK.04/2017 on Registration Statements for Public Offerings and Capital Increase by Providing Preemptive Rights to Subscribe Securities, by Issuers with Small or Medium-Sized Assets; and
4. OJK Regulation No. 54/POJK.04/2017 on Prospectus Forms and Contents in the Context of Public Offerings and Capital Increase by Providing Preemptive Rights to Subscribe Securities, by Issuers with Small or Medium-Sized Assets.

While Circular No 38/SEOJK.01/2017 dated July 18, 2017, was issued to follow up a mandate stated in paragraph (4) of Article 46 in conjunction with Article 68 of OJK Regulation No. 12/POJK.01/2017 concerning the Implementation of Anti-Money Laundering and Terrorism-Financing Prevention Programs in the Financial Services Sector.

The OJK Regulation on Sustainable Finance was introduced as a specific and binding regulation for all players of the financial services sector, as part of the efforts to create a financial system that applies sustainable principles.

This OJK Regulation also signified the implementation of Act No. 32 of 2009 on Environmental Protection and Management, in relation to development and employment of environmental economy instruments, which include policies that are concerned with social and environmental factors in the banking, capital market, and non-bank financial industries.

Among others, this regulation set requirements for Action Plans on Sustainable Finance to be submitted to the OJK together with business plans, when financial

services companies required to do so tender their business plans. The Action Plans should be submitted either as part of the business plans or separate documents. For financial services companies not required to present their business plans, they may submit their Action Plans latest by January 31.

The OJK issued the POJK DINFRA as part of its efforts to support the programs set by the Government of the Republic of Indonesia in its 2015 – 2019 National Medium-Term Development Plan, in relation to the financing needed for national infrastructure development. This reason has led to the need for new, innovative investment products, which offer flexibility to investment managers when managing their investment portfolios. Such products would become potential solutions for addressing the lack of financing for infrastructure development.

The other two OJK regulations on Capital Market concerning SMEs mark OJK's efforts to facilitate small, and medium-sized issuers to access the capital market through public-offering mechanism. Thus, the capital market could serve as an alternative funding channel for these issuers, other than banks.

Their issuance reflected OJK's commitment to government programs designed to further empower small and medium-sized enterprises. Besides strengthening its regulations, the OJK has also encouraged industry players, in this case the Indonesia Stock Exchange, to develop incubator programs that can help small and medium-scale business players, including start-up companies, learn how to develop and prepare themselves to be part of the capital market industry.

The four OJK regulations above were adopted on July 19, 2017, and have been submitted to the Ministry of Law and Human Rights for their enactment. They will take effect on the dates of their promulgation.

For full details of the regulations, please visit OJK website at www.ojk.go.id.

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