

**PRESS RELEASE****OJK ENFORCES CAPITAL MARKET INTEGRITY****The 46<sup>th</sup> Anniversary of the Reactivation of the Indonesian Capital Market**

Jakarta, August 10, 2023. Indonesia Financial Services Authority (OJK) is committed to continuously enforce Capital Market players' integrity as the key for Indonesia Capital Market in contributing more to in the national economy.

"The underline is we keep enforcing the integrity of capital market players, stock exchange members, capital market products, issuer companies, inter-profession Capital Market control, SRO, and its supervisors as well as the regulators," says Chairman of the Board of Commissioners of OJK Mahendra Siregar in the main commemoration event of the 46<sup>th</sup> Anniversary of the Reactivation of the Indonesian Capital Market, "Synergizing for Advanced Indonesia and Sustainable Development" in Indonesia Stock Exchange, Thursday.

Mahendra deemed that Capital Market players' integrity enforcement should become the main focus and essence of the nurtured cooperation between PT Bursa Efek Indonesia, PT Kliring Penjaminan Efek Indonesia, and PT Kustodian Sentral Efek Indonesia along with Capital Market industry players.

Furthermore, OJK will continuously improve investor and public protection efforts. These efforts are carried out through cooperation and collaboration with institutions and other parties, such as integrated dissemination, optimization of market conduct/financial services business actors behaviour supervision, and enhancement of regulations related to authorities in supervision.

In his statement, Chief Executive of Capital Markets, Financial Derivatives, and Carbon Exchange Supervision of OJK Inarno Djajadi emphasizes the importance of preserving investor and public trust to Indonesia Capital Market.

Therefore, OJK continuously improves supervisory and legal enforcement function to provide investor protection, Inarno continues. As of August 9, 2023, OJK has conducted compliance check to 17 Investment Managers, supervisory actions to 94 Securities Transaction, 32 Securities Companies, 14 Securities Institutions and Supporting Institutions, 23 Capital Market Supporting Professions, and issued 16 specific action orders.

In Capital Market legal enforcement, as of August 8, 2023, OJK has issued 193 letters of sanction consisting of 19 written warning sanctions, 1 license revocation sanction, and 173 administrative sanctions in the form of fine amounting to Rp26.13 billion. Additionally, OJK also issued 5 written orders as an effort to enforce the law against violations of laws and regulations in the Capital Market sector.

The performance of Indonesia Capital Market still records growth, as reflected by several indicators, such as IDX Composite at 6,875.11 points as of August 9, 2023, or a 0.36 percent year to date (ytd) growth, with market capitalization value of Rp10,040 trillion or an increase of 5.70 percent ytd.

Market capitalization value in Indonesia also becomes the highest in the ASEAN region. In the beginning of the quarter-III of 2023, market capitalization growth breaks an all-time highest record at Rp10,078 trillion on July 26, 2023.

Fundraising activities throughout 2023 also continuously increases. As of August 9, 2023, OJK has issued effective Registration Statement for public offering amounting to 141 with the total issuance of Rp165.22 trillion, in which 57 them are new issuers. To date, the number of issuers in Indonesia is the highest in the ASEAN region and the 4<sup>th</sup> highest in the Global

region.

On the other hand, the number of investors grows quadruple times in the last 5 years. Currently, there are 11.46 million Single Investor Identification (SID) or a 11.15 percent ytd increase. The highest investor growth is recorded by Reksa Dana and is dominated by millennials and generation Z under 30 years old, amounting to 57.26 percent.

The performance of mutual funds also projects positive growth. As of August 8, 2023, the total NAB of Reksa Dana increases by 3.36%, from Rp504.86 trillion as of December 30, 2022, to Rp521.83 trillion. Meanwhile, the funds managed by Investment Management Industry (including KIK EBA-SP and Tapera funds) also increases by 2.58% from Rp827.94 trillion as of December 30, 2022, to Rp848.87 trillion.

The SCF industry growth is currently satisfactory. The total funds raised through SCF has been utilized by 433 MSME actors with the amount of Rp931.88 billion funds raised from 157,970 investors through 16 SCF organizer platforms.

In terms of regulations, as of August 9, 2023, OJK has issued nine regulations concerning Capital Market, including 6 OJK Regulations and 3 OJK Circular Letters which becomes the legal basis of integrity enforcement and market stability preservation, corporate governance improvement, market development, as well as investor supervision and protection.

### **Policy Areas of Focus**

Throughout 2023, OJK has issued a series of policies which aim to enhance supervisory quality, Public Offering, Capital Market products, and other Capital Market supply enhancement policy, financial inclusion and investor number improvement policy, as well as sustainable finance implementation policy, among which include:

- **Policy to enforce regulations** aligning and supporting the mandate of P2SK Law

As a follow-up action in carrying out the mandate of P2SK Law, OJK is currently preparing 7 related OJK Regulations, both omnibus and individual thematic regulations. Two of the regulations has been issued this year. The policies align with the 2023-2027 Indonesia Capital Market Roadmap, particularly in carrying out the first pillar program.

- **Policy to improve supervisory quality**

1. In 2023, OJK has developed risk-based supervision information system for Securities Companies and Investment Managers. The policy is expected to be able to map Securities Companies and Investment Managers based on their risk level, so that the result may become a consideration factor for supervisors in deciding supervision strategy and taking necessary measures.
2. OJK together with SRO has conducted enhancement of CTP-PLTE system used for reporting process for Debt Securities and Sharia Bond transactions. This system plays an essential role in EBUS transaction reporting mechanism by market players, transaction monitoring by OJK, as well as State Securities Buyback Auction by the Directorate General of Financing and Risk, Ministry of Finance (DJPPR) to Main Dealer of SUN. The CTP – PLTE system update goes live on July 31, 2023. The development objectives are to ensure data integrity and better reporting quality.

- **Policy to enhance product variation and investor numbers**

In conforming to Law Number 1 of 2022 on Central Government and Local Government Financial Relations, related to OBDA and SUKDA and the derivative regulations, namely the Government Regulations Draft on Harmonization of National Fiscal Policy and Ministry of Finance Regulations Draft on Procedures for Issuing and Managing OBDA and SUKDA, OJK prepares a new OJK Regulations Draft concerning Issuance and Reporting of Regional Bonds and Sharia Bonds to substitute OJK Regulations 61, 62, and 63 of 2017.

- **Policy to maintain market stability and investor protection efforts**

In mitigating and reducing the impact from the market's significant fluctuation and potential to pressure the Capital Market stability, including the Capital Player industry players' performance, OJK issues OJK Regulation Number 13 of 2023 on Policy In Maintaining Capital Market Performance and Stability Amid Significantly Fluctuating Market. The policy grants authority to OJK in establishing policy of managing volatility, stimulus, and/or relaxation of financial services industry actors within the Capital Market, which ultimately is expected to improve investor protection.

- **Policy to support sustainable finance**

1. OJK has issued OJK Regulation Number 14 of 2023 on Carbon Trading through Carbon Exchange, which stipulates the requirements, licensing, as well as procedure and implementation of carbon trading through carbon exchange in Indonesia. Moreover, OJK and Ministry of Environment and Forestry (KLHK) have signed Memorandum of Understanding agreeing to expand cooperation as well as coordination of duty and functions implementation from both parties in sustainable finance regarding the Carbon Economy Value.
2. OJK is currently preparing OJK Regulation Draft on Issuance of Debt and Sharia Bond Securities (EBUS) based on sustainability principle, which aims to facilitate Issuer Companies in issuing environmental, social, and sustainability based EBUS instruments, including Wakaf Sharia Bonds and Sustainability Linked EBUS, by providing incentives that are likely to apply similarly to green bond issuance such as reduction of registration fee in OJK and listing fee on the Stock Exchange.

The policy is a form of commitment from OJK to support financial market heightening, particularly the Implementation of Sustainable Finance and sharia Capital Market in Indonesia.

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For more information:

Head of Literacy, Financial Inclusion and Communication Department, Aman Santosa;

Tel. (021) 29600000; E-mail: [humas@ojk.go.id](mailto:humas@ojk.go.id)