

Disclaimer:

this document is an unofficial English translation of the original Indonesian text of Financial Services Authority Regulation Number 13/POJK.03/2017 concerning The Use of Public Accountant and Auditing Firm in Financial Services Activities published in the State Gazette of the Republic of Indonesia Number 62 of 2017, Supplement to the State Gazette of the Republic of Indonesia Number 6036. This unofficial English translation is only provided for guidance and the Indonesian text is the only one which should be relied upon. In the event of any contradiction or discrepancy between the English and Indonesian versions or in the event of any ambiguity in the interpretation of the Law, the original Indonesian version shall prevail.

FINANCIAL SERVICES AUTHORITY REGULATION

NUMBER 13/POJK.03/2017

CONCERNING

THE USE OF PUBLIC ACCOUNTANT AND AUDITING FIRM IN FINANCIAL
SERVICES ACTIVITIES

WITH THE BLESSING OF GOD ALMIGHTY

THE BOARD OF COMMISSIONERS OF FINANCIAL SERVICES AUTHORITY,

- Considering :
- a. that party conducting financial services activities which is regulated and supervised by the Financial Services Authority need to prepare and provide qualified financial information;
 - b. that the availability of qualified financial information is a reflection of good governance which requires the role of audit committee in supervising the effectiveness of the external audit function by public accountants and auditing firms;
 - c. that public accountants and auditing firms, as businesses supporting financial services activities, have an important role to enhance the quality of financial information which is prepared and provided by the party conducting financial services activities that is under regulation and supervision of the Financial Services Authority;
 - d. that in order to supervise the party conducting

- financial services activities, Financial Services Authority has the authority to supervise, examine, investigate, protect consumers, and other measures to supporting businesses of financial services activities;
- e. that in order to maintain public trust on the quality of financial information, the party conducting financial services activities shall maintain an independent relationship with public accountants and auditing firms;
 - f. that based on considerations as referred to in point a until point e, it is necessary to enact Financial Services Authority Regulation concerning The Use of Public Accountant and Auditing Firm in Financial Services Activities;

- In view of :
- 1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3472) as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette of the Republic of Indonesia Number 3790);
 - 2. Act Number 11 of 1992 concerning Pension Fund (State Gazette of the Republic of Indonesia Number 37 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3477);
 - 3. Act Number 8 of 1995 concerning Capital Markets (State Gazette of the Republic of Indonesia Number 64 of 1995, Supplement to the State Gazette of the Republic of Indonesia Number 3068);
 - 4. Act Number 21 of 2008 concerning Sharia Banking (State Gazette of the Republic of Indonesia Number 94 of 2008, Supplement to the State Gazette of the Republic of Indonesia Number 4867);
 - 5. Act Number 2 of 2009 concerning Indonesian Export Financing Agency (State Gazette of the Republic of Indonesia Number 2 of 2009, Supplement to the State

- Gazette of the Republic of Indonesia Number 4957);
6. Act Number 5 of 2011 concerning Public Accountant (State Gazette of the Republic of Indonesia Number 51 of 2011, Supplement to the State Gazette of the Republic of Indonesia Number 5215);
 7. Act Number 21 of 2011 concerning Indonesian Financial Services Authority (State Gazette of the Republic of Indonesia Number 111 of 2011, Supplement to the State Gazette of the Republic of Indonesia Number 5253);
 8. Act Number 40 of 2014 concerning Insurance (State Gazette of the Republic of Indonesia Number 337 of 2014, Supplement to the State Gazette of the Republic of Indonesia Number 5618);
 9. Act Number 1 of 2016 concerning Credit Guarantee (State Gazette of the Republic of Indonesia Number 9 of 2016, Supplement to the State Gazette of the Republic of Indonesia Number 5835);

HAS DECREED:

To enact : FINANCIAL SERVICES AUTHORITY REGULATION
CONCERNING THE USE OF PUBLIC ACCOUNTANT AND
AUDITING FIRM IN FINANCIAL SERVICES ACTIVITIES

CHAPTER I GENERAL PROVISIONS

Article 1

In this Financial Services Authority Regulation:

1. Party Conducting Financial Services Activities means party that carry out financial services in the Banking, Capital Markets, and/or the Non-Bank Financial Industry sectors, which is regulated and supervised by the Financial Services Authority as referred to in the Act on Financial Services Authority.
2. Banking means all matters concerning a bank, including the institutions, business activities, as well

as the procedures and processes in doing its business activities in the conventional and sharia principle as referred to in the Act on Banking and Sharia Banking.

3. Capital Markets means activity concerned with Public Offering and Securities trading, the Public Company which is related to the issuance of Securities, as well as the institutions and professions which are related to Securities as referred to in the Act on Capital Markets.
4. The Non-Bank Financial Industry, hereinafter referred to as NBFIs is an industry consisting of institutions that conduct activities in the insurance, pension funds, financing sectors, and other financial services institutions, doing its business activities both in the conventional and fully nor partially sharia principle.
5. Public Accountant, hereinafter referred to as AP is a person who has obtained a license to provide the services as referred to in the Act on Public Accountant.
6. Auditing Firms, hereinafter referred to as KAP are business entities that are established based on the provision of laws and regulations as well as obtaining business license as referred to in the Act on Public Accountant.
7. Audit Committee is a committee established by the board of commissioners and responsible in assisting the board of commissioners in performing its duties and functions.
8. Association of Public Accountants Profession is the nationwide professional organization of Public Accountants as referred to in the Act on Public Accountant.
9. Partner is an ally in the KAP in the form of business alliance as referred to in the Act on Public Accountant.
10. Continuous Professional Education, hereinafter referred to as PPL is an educational and/or professional training for Public Accountants that is continuous and intended to maintain the competence

as referred to in the provision in the laws and regulations on public accountant practice.

11. Audit period is a period which includes the period of the financial report being audited, reviewed, or the other assurance.
12. Professional Assignment Period is an assignment period to perform the assurance service including the preparation of a report to the Financial Services Authority, which begins since the field work or the signing of the assignment, whichever occurs first, and ends on the date of the Public Accountant's report or a written notice by Public Accountant or Auditing Firm or clients to the Financial Services Authority that the assignment has been completed, whichever occurs first.
13. The Minister is a minister whose duty and responsibility is in the financial field.

Article 2

- (1) Party Conducting Financial Services Activities shall appoint AP and KAP that:
 - a. is registered with the Financial Services Authority;
and
 - b. have competence in accordance with the Party Conducting Financial Services Activities' business complexity.
- (2) The obligation to use AP and KAP registered with the Financial Services Authority as referred to in paragraph (1) is related to the reports that shall be audited or examined by AP based on the provision of laws and regulations in the financial services sector or a written order from the Financial Services Authority.

CHAPTER II
THE ADMINISTRATION OF
PUBLIC ACCOUNTANT AND AUDITING FIRM

Article 3

- (1) Before providing services to the Party Conducting Financial Services Activities, AP and KAP shall be registered with the Financial Services Authority.
- (2) AP and/or KAP submits their registration application to the Financial Services Authority, by fulfilling at least the following requirements:
 - a. possessing a valid license from the Minister;
 - b. never subjected to administrative sanctions in the form of cancellation of Registered Letter (STTD) from the Financial Services Authority or previous authorities; and
 - c. never committed a disgraceful act and/or convicted of a criminal offense in the financial sector as well as not being listed in the non-performing loans and financing list.
- (3) In addition to the requirements as referred to in paragraph (2), AP is obliged to:
 - a. not having multiple positions;
 - b. be based on Partner in a Partnership KAP or the head of a Proprietorship KAP that is registered with the Financial Services Authority; and
 - c. have the competency and knowledge in the field of financial services and industry that use the services of AP.
- (4) For AP who will provide services to banks doing its business activities in the sharia principle, in addition to the requirements as referred to in paragraph (2) and paragraph (3), AP shall have knowledge on sharia accounting.
- (5) In addition to the requirements as referred to in paragraph (2), KAP is obliged to:
 - a. have at least 1 (one) AP Partner registered with the

Financial Services Authority, which act as the head of the KAP Partners; and

- b. in the event that the KAP have only 1 (one) AP Partner registered with the Financial Services Authority, KAP shall make an agreement with other KAP regarding transfer of responsibility when the AP Partner is unable to perform their duties, with the requirement that the other KAP have an AP Partner that is listed as an Active AP and KAP at the Financial Services Authority.
- (6) In addition to application requirements as referred to in paragraph (2) until paragraph (5), the Financial Services Authority may ask for additional requirements for the registration application of AP and/or KAP, if necessary.

Article 4

- (1) The registration application that is submitted to the Financial Services Authority as referred to in Article 3 paragraph (2), Article 3 paragraph (3), and Article 3 paragraph (4), at least include the following documents:
 - a. copy of valid license from the Minister;
 - b. latest curriculum vitae, which is signed on sufficient stamp duty;
 - c. copy of valid Identity Card (KTP);
 - d. latest color photograph with size of 4x6 cm;
 - e. copy of Tax ID number;
 - f. copy of the certificate of the certification program as referred to in Article 3 paragraph (3) letter c and/or Article 3 paragraph (4);
 - g. copy of cooperative agreement that is passed by a notary about AP as a Partner for Partnership KAP or license as Proprietorship KAP that is registered with the Financial Services Authority;
 - h. affidavits that is signed on sufficient stamp duty, which stated that the AP:

- 1) was never subject to administrative sanctions in the form of cancellation of STTD from the Financial Services Authority or previous authorities; and
 - 2) has never committed a disgraceful act and/or convicted of a criminal offense in the financial sector as well as not listed in the non-performing loans or financing list; and
 - 3) is not having a multiple positions as referred to in Article 3 paragraph (3) letter a.
- (2) The KAP registration application shall be submitted to the Financial Services Authority as referred to in Article 3 paragraph (2) and paragraph (5), at least including the following documents:
- a. copy of valid license from the Minister;
 - b. copy of deed of establishment and its revision;
 - c. copy of Tax ID Number;
 - d. copy of cooperative agreement with other KAP as referred to in Article 3 paragraph (5) letter b;
 - e. copy of cooperative agreement that is passed by a notary for Partnership KAP;
 - f. copy of license to establish the branch of the KAP from the Minister, for KAP having branches;
 - g. copy of approval letter from the Minister for the use of Foreign Audit firm's (KAPA) or foreign audit organization's (OAA), for KAP having cooperative agreements with KAPA or OAA; and
 - i. affidavits that is signed on sufficient stamp duty, which stated that AP:
 - 1) was never subject to administrative sanction in the form of cancellation of STTD from the Financial Services Authority or previous authorities; and
 - 2) has never committed a disgraceful act and/or convicted of a criminal offense in the financial sector as well as not listed in the non-performing loans or financing list.

Article 5

- (1) In the event that the AP and/or KAP registration application documents is deemed to not meet the requirements as referred to in Article 4, AP and/or KAP shall submit the complete documents at the latest 45 (forty-five) days since the date of notice from the Financial Services Authority.
- (2) In the event that the AP and/or KAP do not fulfill the requirements as referred to in paragraph (1), AP and/or KAP will be considered as cancelling the registration application to the Financial Services Authority as referred to in Article 3 paragraph (2).
- (3) In the event that the AP and/or KAP re-submits an registration application to the Financial Services Authority, the AP and/or KAP must re-submit the registration application as referred to in Article 3 along with the documents required as referred to in Article 4.

Article 6

- (1) In the event that the AP and/or KAP registration application documents have met the requirements referred to in Article 4, in maximum of 20 (twenty) business days, the Financial Services Authority will inform the AP and/or KAP, whether:
 - a. the registration application has been approved; or
 - b. the registration application has been rejected, along with the reason for rejection.
- (2) Application by AP and KAP that has been approved by the Financial Services Authority for the registration will be granted STTD and included in the list of AP and KAP registered with the Financial Services Authority.

Article 7

AP and KAP registered with the Financial Services Authority shall:

- a. maintain the confidentiality of data and information

- obtained from the provision of services to the Party Conducting Financial Services Activities;
- b. undergo an examination by the Financial Services Authority over compliance to audit assignments and the implementation of quality control of services provided by the AP and/or KAP to the Party Conducting Financial Services Activities;
 - c. apply financial accounting standards during the provision of audit services on annual historical financial information, unless otherwise stipulated in the provision of laws and regulations in the financial services sector;
 - d. assure the compliance of transaction made by the Party Conducting Financial Services Activities with the provision of laws and regulations, at the time of provision of audit services on the annual historical financial information; and
 - e. Specifically for AP, follow PPL which is organized by an institution recognized by the Financial Services Authority, at least meeting the Number of Continuous Professional Education Credit Units (SKP) required each year as determined by the Financial Services Authority.

Article 8

- (1) On the initial submission of the registration application to the Financial Services Authority, AP can choose their scope of services based on one or more financial services sector regulated and supervised by the Financial Services Authority;
- (2) The provision of additional scope of services in financial services sector not yet registered with the Financial Services Authority is undertaken by fulfilling special requirements.
- (3) Special requirements as referred to in paragraph (2) is having competence and knowledge in the financial services sector in accordance with the choice of

financial services sector as referred to in Article 3 paragraph (3) letter c and/or Article 3 paragraph (4).

CHAPTER III
PUBLICATION OF THE LIST OF
AP AND KAP REGISTERED
WITH THE FINANCIAL SERVICES AUTHORITY

Article 9

- (1) The list of AP and KAP registered with the Financial Services Authority as referred to in Article 6 paragraph (2) is published on the Financial Services Authority website.
- (2) The list of AP and KAP published on the Financial Services Authority website as referred to in paragraph (1) comprises of:
 - a. active AP and KAP;
 - b. temporarily inactive AP and KAP; and
 - c. permanently inactive AP and KAP.
- (3) AP and KAP will be listed on the list of active AP and KAP as referred to in paragraph (2) letter a in the event that the registration application has been approved and given STTD by the Financial Services Authority and the STTD is still valid.
- (4) AP will be listed on the list of temporarily inactive AP and KAP as referred to in paragraph (2) letter b in the event that the registered AP :
 - a. is undergoing temporary termination of the provision of services under the approval of the Financial Services Authority;
 - b. is undergoing temporary termination of the provision of services under the approval of the Minister;
 - c. is subject to administrative sanction in the form of suspension of registration from the Financial Services Authority or suspension of AP license from the Minister.

- d. is subject to administrative sanction in the form of suspension of registration from the Financial Services Authority or suspension of KAP license from the Minister.
 - e. Is no longer as AP Partner or head of the KAP that is registered with the Financial Services Authority.
- (5) KAP will be listed on the list of temporarily inactive AP and KAP as referred to in paragraph (2) letter b in the event of:
- a. KAP is subject to administrative sanction in the form of suspension of registration from the Financial Services Authority;
 - b. KAP license was suspended by the Minister; or
 - c. Other causes.
- (6) For AP and/or KAP listed on the of list temporary inactive AP and KAP as referred to in paragraph (2) letter b:
- a. STTD on behalf of AP and/or KAP is declared as temporarily inactive;
 - b. AP and/or KAP is not allowed to provide services; and
 - c. AP can postpone the fulfillment of PPL each year as required in Article 7 letter e.
- (7) AP and/or KAP will be listed on the list of permanently inactive AP and KAP as referred to in paragraph (2) letter c, in the event of:
- a. AP and/or KAP is subject to administrative sanctions from the Financial Services Authority, which resulted in the cancellation of STTD;
 - b. AP and/or KAP is resigning as AP and KAP registered with the Financial Services Authority;
 - c. Other causes.
- (8) KAP will be listed on the list of permanently inactive AP and KAP as referred to in paragraph (7), in the event that AP on the Proprietorship KAP or AP partner on the Partnership KAP that only has 1 (one) registered AP is listed as an inactive AP and KAP at the Financial

Services Authority.

Article 10

- (1) An AP listed on the list of active AP and KAP at the Financial Services Authority can apply for temporary termination of the provision of services as referred to in Article 9 paragraph (4) letter a, for a minimum of 1 (one) year and a maximum of 3 (three) years.
- (2) Application for temporary termination of the provision of services as referred to in paragraph (1) shall be submitted to the Financial Services Authority at the latest 2 (two) months before the planned date to temporary terminate the provision of services.
- (3) Application letter for termination as referred to in paragraph (1) shall be attached with at least the following documents and information:
 - a. recommendation letter from KAP for AP who is a Partner of the KAP;
 - b. full address of AP during the temporary termination of the provision of services;
 - c. affidavits stating AP is not currently providing service to Party Conducting Financial Services Activities;
 - d. the length of time desired for the AP to undergo the temporary termination of provision of services; and
 - e. the reason of AP to submit the temporary termination of provision of services.
- (4) The approval of the temporary termination of provision of services will be issued within 20 (twenty) business days since the application attached with documents and information as referred to in paragraph (3) is received completely by the Financial Services Authority.

Article 11

- (1) In the event that AP and/or KAP listed on the list of temporary inactive AP and KAP intends to be active

and listed on the list of active AP and KAP at the Financial Services Authority, the AP and/or KAP shall apply for reactivation to the Financial Services Authority at the latest 2 (two) months before the planned reactivation date.

- (2) The AP reactivation application as referred to in paragraph (1) shall be attached with documents such as proof of participation of PPL in accordance with SKP amount that must be met each year as referred to in Article 7 letter e, by means of participating in PPL:
 - a. each year during inactive period; or
 - b. in accumulation for the last 2 (two) years, before reactivation and listed on the list of active AP and KAP at the Financial Services Authority.
- (3) AP and/or KAP is considered resigning as AP and KAP registered with the Financial Services Authority, in the event that:
 - a. AP and/or KAP has not applied for reactivation as referred to in paragraph (1); or
 - b. the reactivation application by AP does not meet the requirements as referred to in paragraph (2), within 6 (six) months after the end of the temporary termination of service period.
- (4) In the event that AP and/or KAP is considered as resigning as referred to in paragraph (3), the STTD on behalf of the AP and/or KAP will be cancelled and will be listed on the list of permanently inactive AP and KAP at the Financial Services Authority.
- (5) The approval for reactivation of AP and/or KAP will be issued within 20 (twenty) business days since the application attached with documents as referred to in paragraph (1) and paragraph (2) is received completely by the Financial Services Authority.

CHAPTER IV
THE RESIGNATION OF
PUBLIC ACCOUNTANT AND AUDITING FIRM

Article 12

- (1) AP and/or KAP may apply for resignation as AP and KAP registered with the Financial Services Authority, along with at least the supporting documents:
 - a. letter from KAP for AP who is Partner of the KAP;
 - b. affidavits stating AP and/or KAP is not currently providing services to the Party Conducting Financial Services Activities; and
 - c. the reason of the resignation of the AP and/or KAP, that is submitted at the latest 2 (two) months before the planned date of resignation.
- (2) The resignation application as AP and KAP registered with the Financial Services Authority as referred to in paragraph (1):
 - a. if approved by the Financial Services Authority:
 1. STTD on behalf of AP and/or KAP will be voided; and
 2. AP and/or KAP will be listed on the list of permanently inactive AP and KAP at the Financial Services Authority; or
 - b. if rejected, the Financial Services Authority will give a particular consideration.
- (3) The approval or rejection of AP and/or KAP resignation application is issued within period of 20 (twenty) business days since the resignation application as AP and KAP registered with the Financial Services Authority along with the supporting documents as referred to in paragraph (1) is received completely by the Financial Services Authority.

CHAPTER V
THE ROLE OF AUDIT COMMITTEE

Article 13

- (1) The appointment of AP and/or KAP that will provide audit services on annual historical financial information shall be decided by the General Meeting of Shareholders of the Party Conducting Financial Services Activities, by considering the proposal from the board of commissioners.
- (2) In the event that the General Meeting of Shareholders cannot decide the appointment of AP and/or KAP that will provide audit services on annual historical financial information as referred to in paragraph (1), the General Meeting of Shareholders may delegate their authority to appoint an AP and/or KAP to the board of commissioners, along with an explanation regarding:
 - a. the reason for delegation of authority; and
 - b. criteria or restriction of AP and/or KAP that may be appointed.
- (3) In the event that the Party Conducting Financial Services does not have a General Meeting of Shareholders structure, the functions and authorities of the General Meeting of Shareholders as referred to in paragraph (1) is exercised by the highest equivalent structure to the General Meeting of Shareholders in accordance with the provision of laws and regulations.
- (4) The proposal for the appointment of AP and/or KAP proposed by the board of commissioners as referred to in paragraph (1) shall consider the recommendation of Audit Committee.
- (5) In the event of AP and/or KAP decided by the General Meeting of Shareholders as referred to in paragraph (1) cannot finish the provision of audit services on annual historical financial information during Professional Assignments Period, the appointment of a substitute AP and/or KAP may be performed by the board of

commissioners as long as mandated by the General Meeting of Shareholders by considering the recommendation of Audit Committee.

- (6) In preparing the recommendation as referred to in paragraph (4), the Audit Committee may consider:
 - a. independency of AP, KAP, and people within the KAP;
 - b. scope of audit;
 - c. audit fee;
 - d. expertise and experience of AP, KAP, and Audit Team from the KAP;
 - e. audit methodology, technique, and platform used by the KAP;
 - f. benefits of fresh eye perspectives that will be obtained through replacement of AP, KAP, and Audit Team from the KAP;
 - g. potential risk on the use of audit services by the same KAP consecutively for a relatively long time period; and/or
 - h. the result of evaluation on the provision of audit services on annual historical financial information by AP and KAP on the previous period, if available.
- (7) KAP may categorized as the same KAP as referred to in paragraph (6) letter g, in the event that:
 - a. the name of KAP is unchanged and there is no change in the AP composition of 50 % (fifty percent) or more; or
 - b. there is establishment or change of KAP's name, but the AP composition of 50% (fifty percent) or more is derived from the previous KAP.
- (8) For a bank's Audit Committee, consideration as referred to in paragraph (6) is the minimum requirement that must be fulfilled.

Article 14

- (1) Audit Committee evaluates the provision of audit services on annual historical financial information by

the AP and/or KAP.

- (2) The evaluation of the provision of audit services on annual historical financial information by AP and/or KAP as referred to in paragraph (1) is exercised at least through:
 - a. conformity of audit implementation by AP and/or KAP with prevailing audit standards.
 - b. sufficiency of field work period;
 - c. assessment of the scope of services provided and sufficiency of sampling; and
 - d. improvement recommendation given by AP and/or KAP.

Article 15

In the event that the Party Conducting Financial Services Activities is not required to have an Audit Committee, the Audit Committee's duties and responsibilities is exercised by the board of commissioners, board of supervisors, or the party performing the supervisory function as performed by the board commissioners.

CHAPTER VI THE RESTRICTION OF USAGE OF AUDIT SERVICES

Article 16

- (1) Party Conducting Financial Services Activities shall restrict the usage of audit services on annual historical financial information from the same AP for a maximum audit period of 3 (three) consecutive accounting years.
- (2) The restriction of usage of audit services as referred to in paragraph (1) is also required for AP that is associated party.
- (3) Party Conducting Financial Services Activities can only reuse audit services on annual historical financial information from the same AP as referred to in paragraph (1), after a cooling off period of not using the

audit services on annual historical financial information from the same AP for 2 (two) consecutive accounting years.

CHAPTER VII
AUDIT SCOPE

Article 17

- (1) The audit on annual historical financial information by AP and/or KAP is based on an agreement between Party Conducting Financial Services Activities and the KAP.
- (2) The agreement as referred to in paragraph (1) may include the scope of audit.
- (3) Bank is obliged to include the scope of audit as referred to in paragraph (2) in the agreement between the bank and the KAP.
- (4) The scope of audit on the agreement as referred to in paragraph (3) will be stipulated further in a Financial Services Authority Circular Letter.

CHAPTER VIII
INDEPENDENCY OF PUBLIC ACCOUNTANT AND AUDIT
FIRM TO THE PARTY CONDUCTING FINANCIAL SERVICES
ACTIVITIES

Article 18

- (1) In providing services to the Party Conducting Financial Services Activities, AP, KAP, and people within the KAP shall fulfill independent condition during Audit Period and Professional Assignment Period.
- (2) The independent condition as referred to in paragraph (1) is stated on the Affidavits and submitted by the KAP to the Party Conducting Financial Services Activities, before the Professional Assignment Period starts.
- (3) In arranging the audit team and the party involved directly to the provision of audit services on annual

historical financial information, KAP shall refer to the AP profession ethics code.

CHAPTER IX
COMMUNICATIONS OF PUBLIC ACCOUNTANTS AND
AUDITING FIRMS WITH THE FINANCIAL SERVICES
AUTHORITY

Article 19

- (1) In the preparation and execution of audit on annual historical financial information for Financial Services Institution, AP and/or KAP shall communicate with the Financial Services Authority.
- (2) In communicating with the Financial Services Authority as referred to in paragraph (1):
 - a. AP and/or KAP may request information to the Financial Services Authority regarding the Party Conducting Financial Services Activities that would be audited; and/or
 - b. Financial Services Authority may inform subjects that require the attention of AP and /or KAP in the preparation and execution of the audit.
- (3) AP and KAP shall provide information requested by the Financial Services Authority even though the agreement as referred to in Article 17 paragraph (1) has already ceased.

CHAPTER X
THE SUBMISSION OF REPORT FROM PUBLIC
ACCOUNTANTS AND AUDITING FIRMS TO
THE FINANCIAL SERVICES AUTHORITY

Article 20

- (1) AP and/or KAP listed on the list of active AP and KAP with the Financial Services Authority shall submit complete and fair reports to the Financial Services Authority.

- (2) The reports as referred to in paragraph (1) comprises of:
 - a. annual report; and
 - b. incidental report.
- (3) Annual report as referred to in paragraph (2) letter a comprises of KAP report on the provision of services to the Party Conducting Financial Services Activities.
- (4) Incidental report as referred to in paragraph (2) letter b, comprises of:
 - a. KAP report on changes in data of the AP and/or KAP;
 - b. AP report in the event that there is information regarding:
 1. a Party Conducting Financial Services Activities' significant violation of the provisions of laws and regulations;
 2. significant weakness in controlling the preparation and presentation process of the Party Conducting Financial Services Activities financial statement; and/or
 3. significant weakness in the internal control of the Party Conducting Financial Services Activities, and/or
 4. conditions or estimated conditions that could jeopardize the business continuity of the Party Conducting Financial Services Activities; and
 - c. other incidental report of AP and/or KAP if requested by the Financial Services Authority.
- (5) KAP report on the provision of services to the Party Conducting Financial Services Activities as referred to in paragraph (3) comprises of at least the following information:
 - a. the name of KAP and license number from the Minister;
 - b. the name of AP and license number from the Minister;
 - c. the name of Party Conducting Financial Services

Activities and the type of service provided to the Party Conducting Financial Services Activities within 1 (one) year from April 1st until March 31st of the following year or since it was registered with the Financial Services Authority if registered less than 1 (one) year;

- d. audit opinion issued by AP and/or KAP.
- e. the composition of audit team and parties involved directly in the provision of audit services;
- f. the number of audit period years conducted by the AP and/or KAP to the same Party Conducting Financial Services Activities; and
- g. audit fee.

Article 21

- (1) KAP shall submit the KAP report on the provision of services as referred to in Article 20 paragraph (3) to the Financial Services Authority, along with supporting evidence no later by April 15th.
- (2) KAP is declared late in submitting the KAP report on the provision of services if the report is submitted after the deadline for report submission as referred to in paragraph (1) up until May 15th.
- (3) KAP is declared not submitting the KAP report on the provision of services as referred to in paragraph (1) if the report is not submitted after the deadline of late report submission as referred to in paragraph (2).

Article 22

- (1) KAP shall submit the report on changes in AP and/or KAP data as referred to in Article 20 paragraph (4) letter a to the Financial Services Authority, along with supporting evidence no later than 10 (ten) days after approval or notification of the amendment of data from the Ministry of Finance is received by AP and/or KAP.
- (2) KAP is declared late in submitting the report on changes in AP and/or KAP data if the reports is

submitted after the deadline for reports submission as referred to in paragraph (1) up until the following 30 (thirty) days.

- (3) KAP is declared not submitting the report on changes in AP and/or KAP data as referred to in paragraph (1) if the report is not submitted after the deadline of late report submission as referred to in paragraph (2).

Article 23

Based on the KAP report on changes in AP and/or KAP data received by the Financial Services Authority as referred to in Article 22 paragraph (1) as well as based on information from other parties, the Financial Services Authority will update the data and information of the registered AP and/or KAP on the list of AP and KAP at the Financial Services Authority.

Article 24

- (1) AP shall submit report of significant violation of the provision of laws and regulations, significant weakness in controlling the preparation and presentation process of financial statement, and/or conditions or estimated conditions that could jeopardize the business continuity of the Party Conducting Financial Services Activities as referred to in Article 20 paragraph (4) letter b to the Financial Services Authority, along with supporting evidence, no later than 3 (three) business days since discovered.
- (2) AP is declared late in submitting the reports if it is submitted after the deadline of report submission as referred to in paragraph (1) up until the following 2 (two) business days.
- (3) AP is declared not submitting the report as referred to in paragraph (1) if the report is not submitted until the deadline of late report submission as referred to in paragraph (2).

CHAPTER XI
MEDIA FOR SUBMISSION OF APPLICATION AND REPORT
OF PUBLIC ACCOUNTANTS AND AUDITING FIRMS TO
THE FINANCIAL SERVICES AUTHORITY

Article 25

- (1) AP and/or KAP submits:
 - a. AP and/or KAP registration application as referred to in Article 3 along with required documents as referred to in Article 4;
 - b. application to approve additional scope of services in the financial services sector, besides those already registered with the Financial Services Authority as referred to in Article 8 paragraph (2);
 - c. application for temporary termination of the provision of services by AP as referred to in Article 10;
 - d. application for reactivation as referred to in Article 11 paragraph (1);
 - e. application for resignation of AP and/or KAP as referred to in Article 12 paragraph (1);
 - f. KAP report on the provision of services as referred to in Article 21 paragraph (1); and
 - g. KAP report on changes in AP and/or KAP data as referred to in Article 22 paragraph (1),
to the Financial Services Authority c.q. Chief Executive of Capital Markets Supervision.
- (2) Application and/or reports as referred to in paragraph (1) is submitted online by the KAP through the reporting system of the Financial Services Authority.
- (3) In the event that the reporting system of the Financial Services Authority is not yet available for the online submission of the application and/or reports as referred to in paragraph (2), KAP submits the application and/or reports offline to the Financial Services Authority.

Article 26

- (1) In the event that the KAP online reporting system encounters technical problems or force majeure occurs on the deadline of submitting application and/or reports, KAP submits offline:
 - a. a letter of notice signed by the head of the KAP that includes the reasons for the occurrence of technical problems or force majeure along with supporting documents; and
 - b. application and/or the reports as referred to in Article 25 paragraph (1) letter c until letter g, on the last day of the deadline for submitting application and/or reports.
- (2) The letter of notice as well as application and/or reports as referred to in paragraph (1) is submitted to the Financial Services Authority c.q. Chief Executive of Capital Markets Supervision.

Article 27

The reports of significant violation of the provision of laws and regulations, significant weakness in controlling the preparation and presentation process of financial statement, and/or conditions or estimated conditions that could jeopardize the business continuity of the Party Conducting Financial Services Activities as referred to in Article 24 paragraph (1) is submitted offline to the Financial Services Authority:

- a. for banks, addressed to the:
 1. Relevant Banking Supervision Department or Sharia Banking Department for banks with head offices or branches of banks domiciled abroad located in DKI Jakarta; or
 2. Financial Services Authority Regional Office or local Financial Services Authority Office in accordance with the location of the bank head office;

- b. for the Party Conducting Financial Services Activities in the Capital Markets sector, is addressed to the related Capital Markets Supervision Department; and
- c. for the Party Conducting Financial Services Activities in the NBFIs sector, is addressed to the related NBFIs Supervision Department.

CHAPTER XII

SUBMISSION OF REPORTS FROM THE PARTY CONDUCTING FINANCIAL SERVICES ACTIVITIES TO THE FINANCIAL SERVICES AUTHORITY

Article 28

- (1) Party Conducting Financial Services Activities shall submit the annual report to the Financial Services Authority regarding:
 - a. the appointment of AP and/or KAP for the audit on annual historical financial information, along with documents of appointment of AP and/or KAP that is accompanied by Audit Committee recommendation and other considerations used in giving recommendation as referred to in Article 13 paragraph (6), no later than 10 (ten) business days after the appointment of AP and/or KAP; and
 - b. the Audit Committee evaluation result of the provision of audit services on annual historical financial information by AP and/or KAP as referred to in Article 14, no later than 6 (six) months after the end of accounting year.
- (2) Party Conducting Financial Services Activities is declared late in submitting the reports if the reports is submitted after deadline of report submission as referred to in paragraph (1) up until the following 30 (thirty) days.
- (3) Party Conducting Financial Services Activities is declared not submitting the reports as referred to in paragraph (1) if the reports is not submitted until the

deadline of late report submission as referred to in paragraph (2).

Article 29

- (1) Reports of the Party Conducting Financial Services Activities as referred to in Article 28 paragraph (1), is submitted to the Financial Services Authority:
 - a. for banks, addressed to the:
 1. Relevant Banking Supervision Department or Sharia Banking Department for banks with head offices or branches of banks domiciled abroad located in DKI Jakarta; or
 2. Financial Services Authority Regional Office or local Financial Services Authority Office in accordance with the location of the bank head office;
 - b. for the Party Conducting Financial Services Activities in the Capital Markets sector, is addressed to the related Capital Markets Supervision Department; and
 - c. for the Party Conducting Financial Services Activities in the NBFIs sector, is addressed to the related NBFIs Supervision Department.
- (2) In the case that the Party Conducting Financial Services Activities undertakes activities in more than 1 (one) financial services sector, the annual report as referred to in Article 20 paragraph (1) is submitted to the Supervision Work Unit in accordance with the type of financial services sector.

CHAPTER XIII

OTHER PROVISIONS

Article 30

- (1) Financial Services Authority is authorized to give a written order to the Party Conducting Financial Services Activities to:

- a. replace the AP and/or KAP that has been appointed by the Party Conducting Financial Services Activities; and/or
 - b. redo the audit or examination of the reports as referred to in Article 2 paragraph (2).
- (2) Party Conducting Financial Services Activities shall fulfill the order from the Financial Services Authority as referred to in paragraph (1).

Article 31

In the event that the deadline for submission of the application and/or reports that are required to be submitted to the Financial Services Authority offline as stipulated in this Financial Services Authority regulation falls on a holiday, the application and/or reports can be submitted on the next business day.

CHAPTER XIV SANCTIONS

Article 32

- (1) Financial Services Authority is authorized to impose administrative sanctions to any party who violates the stipulations in this Financial Services Authority Regulation including the parties that causes the violations.
- (2) Party Conducting Financial Services Activities and/or parties that causes the violation as referred to in paragraph (1) may be subject to administrative sanctions in the form of:
 - a. written warning or written reminder;
 - b. fine; and/or
 - c. the inclusion of shareholder, the board of directors, the board of commissioners, or executive officers in the list of those prohibited to be:
 1. the controlling shareholder or owner of a Party

Conducting Financial Services Activities; and/or
2. the member of the board of directors, board of
commissioners, or executive officers of Party
Conducting Financial Services Activities.

- (3) AP and KAP registered with the Financial Services Authority may be subject to administrative sanctions in the form of:
 - a. written warning or written reminder;
 - b. fine;
 - c. suspension of registration; and/or
 - d. cancellation of registration.
- (4) Administrative sanctions as referred to in paragraph (2) and paragraph (3) may be imposed in its own or collectively or with a written order as referred to in Article 30 paragraph (1).
- (5) Financial Services Authority may announce to the public the imposition of administrative sanctions to the Party Conducting Financial Services Activities as well as AP and KAP as referred to in paragraph (2) and paragraph (3).

Article 33

- (1) Party Conducting Financial Services Activities who commits violations by:
 - a. the appointment of AP and/or KAP without considering the proposal of the board of commissioners as referred to in Article 13 paragraph (1); or
 - b. the board of commissioners propose the appointment of AP and/or KAP without considering the Audit Committee recommendation as referred to in Article 13 paragraph (4),will be imposed administrative sanctions in the form of written warning or written reminder as referred to in Article 32 paragraph (2) letter a.
- (2) Bank who commits violations by:
 - a. the Audit Committee recommendation without

considering the minimum requirements that must be met in the appointment of AP and/or KAP as referred to in Article 13 paragraph (8); and/or

b. the scope of audit is not included in the agreement between bank and KAP as referred to in Article 17 paragraph (3),

will be imposed administrative sanctions in the form of written warning or written reminder as referred to in Article 32 paragraph (2) letter a.

- (3) Party Conducting Financial Services Activities that is declared late in submitting the annual reports as referred to in Article 28 paragraph (2) will be imposed administrative sanctions in the form of fines as referred to in Article 32 paragraph (2) letter b of Rp100.000,00 (one hundred thousand rupiahs) each day or at most Rp3.000.000,00 (three million rupiahs) for each report.
- (4) Party Conducting Financial Services Activities that is declared not submitting the reports as referred to in Article 28 paragraph (3), will be imposed administrative sanctions in the form of fines as referred to in Article 32 paragraph (2) letter b of Rp5.000.000,00 (five million rupiahs) for each report.
- (5) Party Conducting Financial Services Activities who commits violation of not fulfilling the Financial Services Authority order as referred to in Article 30 paragraph (2), will be imposed administrative sanctions of the inclusion of shareholders, the board of directors, the board of commissioners or executive officers in the list of those prohibited to be:
 - a. the controlling shareholder or owner of a Party Conducting Financial Services Activities; and/or
 - b. the member of the board of directors, board of commissioners, or executive officers of a Party Conducting Financial Services Activities,as referred to in Article 32 paragraph (2) letter c.

Article 34

AP and/or KAP who commits violations of:

- a. not communicating with the Financial Services Authority as referred to in Article 19 paragraph (1);
- b. not submitting the information requested by the Financial Services Authority as referred to in Article 19 paragraph (3); and/or
- c. not fulfilling the requirement as AP and/or KAP registered with the Financial Services Authority as referred to in Article 3 paragraph (3) letter a and/or letter b, and/or Article 3 paragraph (5),

will be imposed administrative sanctions in the forms of written warning or written reminder as referred to in Article 32 paragraph (3) letter a.

Article 35

- (1) AP who do not meet the minimum amount of SKP of the PPL as referred to in Article 7 letter e, will be imposed administrative sanctions in the form of written warning or written reminder as referred to in Article 32 paragraph (3) letter a.
- (2) Besides subjected to administrative sanctions in the form of written warning or written reminder as referred to in paragraph (1), the AP is still required to meet the obligation of minimum amount of SKP of PPL by fulfilling the shortfall of SKP of PPL on the following year.
- (3) In the event that the AP does not meet its obligation to fulfill the SKP of PPL on the following year as referred to in paragraph (2), the AP is declared as not fulfilling the SKP of PPL required by the Financial Services Authority for 2 (two) consecutive years.

Article 36

- (1) KAP that is declared as late in submitting the:
 - a. KAP report on the provision of services as referred to in Article 21 paragraph (2); and/or

- b. the KAP report on changes in AP and/or KAP data as referred to in Article 22 paragraph (2), will be imposed administrative sanctions in the form of fines as referred to in Article 32 paragraph (3) letter b of Rp100.000,00 (one hundred thousand rupiahs) each day and at most Rp3.000.000,00 (three million rupiahs) for each report.
- (2) KAP that is declared as not submitting the:
 - a. KAP report on the provision of services as referred to in Article 21 paragraph (3); and/or
 - b. KAP report on changes in AP and/or KAP data as referred to in Article 22 paragraph (3), will be imposed administrative sanctions in the form of fines as referred to in Article 32 paragraph (3) letter b of Rp5.000.000,00 (five million rupiahs) for each report.
 - (3) For KAP who has not submitted reports, besides being imposed administrative sanctions in the form of fines as referred to in paragraph (2) is still required to submit the reports as referred to in Article 20 paragraph (3) and/or Article 20 paragraph (4) letter a.

Article 37

AP who is late to submit reports of significant violation of the provisions of laws and regulations, significant weakness in controlling the preparation and presentation process of financial statement, significant weakness in internal control, and/or conditions or estimated conditions that could jeopardize the business continuity of the Party Conducting Financial Services Activities as referred to Article 24 paragraph (2), will be subject to administrative sanctions in the form of fine as referred to in Article 32 paragraph (3) letter b by Rp5.000.000,00 (five million rupiahs).

Article 38

- (1) AP and/or KAP who commits violations of:

- a. not meeting the requirements as referred to in Article 3 paragraph (3) letter a and/or letter b, and/or Article 3 paragraph (5), after the deadline as stated in the written warning or written reminder as referred to in Article 34 paragraph c;
- b. not meeting the requirements as referred to in Article 7;
- c. not meeting the minimum amount of SKP of PPL required for (2) two consecutive years as referred to in Article 35 paragraph (3);
- d. not meeting the independent condition during the Audit Period or Professional Assignment Period as referred to in Article 18 paragraph (1);
- e. not submitting reports of significant violation of provision of laws and regulations, significant weakness in the internal control and/or conditions or estimated conditions that could jeopardize the business continuity of the Party Conducting Financial Services Activities as referred to in Article 24 paragraph (3); or
- f. AP and/or KAP being imposed to administrative sanctions in the form of written warning or written reminder for 3 (three) times within a period of 2 (two) years,

will be imposed administrative sanctions in the form of suspension of registration at the Financial Services Authority as referred to in Article 32 paragraph (3) letter c.

- (2) The period of the suspension of registration at the Financial Services Authority as referred to in paragraph (1) is 1 (one) year.

Article 39

The violation of stipulation:

- a. AP and/or KAP not meeting the requirements as referred to in Article 3 and Article 7 after the suspension period ends;

- b. AP and/or KAP assessed by the Financial Services Authority to commit a serious violation to this Financial Services Authority Regulation as well other laws and regulations;
 - c. AP and/or KAP that are imposed to administrative sanctions in the form of suspension of registration for 2 (two) times within a period of 3 (three) years;
 - d. Proprietorship KAP with the AP that are imposed to sanctions in the form of cancellation of registration at the Financial Services Authority; and/or
 - e. Partnership KAP with at least 2 (two) AP that are imposed to sanctions in the form of cancellation of registration at the Financial Services Authority,
- will be subject to administrative sanctions in the form of cancellation of registration at the Financial Services Authority as referred to in Article 32 paragraph (3) letter d.

Article 40

Without lessening the applicable criminal provisions in the laws and regulations in the financial services sector, Financial Services Authority may impose sanctions to any party who violates the provisions in this Financial Services Authority Regulation including the parties that causes the violations.

CHAPTER XV

THE TRANSITION PROVISIONS

Article 41

- (1) AP and/or KAP already registered with the Financial Services Authority before this Financial Services Authority Regulation comes into effect, shall conduct a re-registration.
- (2) Re-registration as referred to in paragraph (1) shall be conducted in accordance with the financial services sector of the AP before this Financial Services Authority Regulation comes into effect.

- (3) Re-registration as referred to in paragraph (1) shall be conducted by meeting the requirements as referred to in Article 3 and submitting the documents as referred to in Article 4, except:
 - a. the registration requirement as referred to in Article 3 paragraph (3) letter c and/or Article 3 paragraph (4); and
 - b. the certificate of the certification program as referred to in Article 4 paragraph (1) letter f.
- (4) The period of re-registration as referred to in paragraph (1) is a maximum of 1 (one) year after this Financial Services Authority Regulation comes into effect.
- (5) AP and/or KAP that does not re-register up until the deadline as referred to in paragraph (4):
 - a. is considered as resigning as an AP and/or KAP registered with the Financial Services Authority; and
 - b. STTD on behalf of the AP and/or KAP is voided and stated on the list of permanently inactive AP and KAP at the Financial Services Authority.
- (6) The obligation to submit the application and report online as referred to Article 25 paragraph (2), will come into effect for the first time since April 1st 2017.
- (7) For preparing effectively the implementation of filling the application and reports online as referred to in paragraph (6), KAP may conduct trials since the enactment of this Financial Services Authority Regulation until March 31st 2017.
- (8) Party Conducting Financial Services Activities that has already appointed the same AP before this Financial Services Authority regulation comes into effect:
 - a. is still able to use the designated AP for the accounting year beginning in 2017 by submitting the appointment documents of AP and/or KAP; and
 - b. the appointment of AP for the following year shall refer to this Financial Services Authority Regulation.

CHAPTER XVI
CONCLUDING PROVISIONS

Article 42

Further provisions for procedures for the usage of AP and KAP in financial services activities shall be further stipulated in a Financial Services Authority Circular Letters.

Article 43

At the time this Financial Services Authority Regulation comes into effect, the provisions in the field of:

a. Banking

1. Bank Indonesia Regulation Number 3/22/PBI/2001 concerning Transparency of Bank Financial Condition (State Gazette of the Republic of Indonesia Number 150 of 2001, Supplement to the State Gazette of the Republic of Indonesia Number 4159);
2. Bank Indonesia Regulation Number 7/50/PBI/2005 on amendment to PBI 3/22/PBI/2001 concerning Transparency of Banks Financial Condition (State Gazette of the Republic of Indonesia Number 135 of 2005, Supplement to the State Gazette of the Republic of Indonesia Number 4573);
3. Articles 16, 17, 18, 19, and 26 of Bank Indonesia Regulation Number 15/3/PBI/2013 concerning Transparency of Rural Bank Financial Condition (State Gazette of the Republic of Indonesia Number 94 of 2013, Supplement to the State Gazette of the Republic of Indonesia Number 5418); and
4. Articles 12, 13, 14, 15, and 23 of Bank Indonesia Regulation Number 7/47/PBI/2005 concerning Transparency of Sharia Rural Bank Financial Condition (State Gazette of the Republic of

Indonesia Number 125 of 2005, Supplement to the State Gazette of the Republic of Indonesia Number 4564);

b. Capital Markets

1. The Decree of the Chairman of the Capital Markets and Financial Institutions Supervisory Agency Number KEP-41/BL/2008 concerning The Registration of Accountant that Conduct Activities in Capital Markets along with the Rule Number VIII.A.1 as its annex;
2. The Decree of the Chairman of the Capital Markets and Financial Institutions Supervisory Agency Number KEP-86/BL/2011 concerning The Independency of Accountant that Provide Services in Capital Markets along with the Rule Number VIII.A.2 as its annex;
3. The Decree of the Chairman of the Capital Markets and Financial Institutions Supervisory Agency Number KEP-395/BL/2008 concerning The Annual Report of Accountant Activities along with the Rule Number X.J.2 as its annex; and
4. The Decree of the Chairman of the Capital Markets and Financial Institutions Supervisory Agency Number KEP-79/PM/1996 concerning The Accountant Reports to the Bapepam along with the Rule Number X.J.2 as its annex;

c. NBFi;

Regulation concerning Public Accountant that is stipulated in the Financial Services Authority Number 38/POJK.05/2015 concerning the Registration and Supervision of Actuarial Consultant, Certified Public Accountants, and Appraiser Conducting Activities at the Non-Banks Financial Industry (State Gazette of the Republic of Indonesia Number 361 of 2015, Supplement to the State Gazette of the Republic of Indonesia Number 5807);

Are revoked and declared as void, except for:

1. Article 18 paragraph (4) of Bank Indonesia Regulation Number 3/22/PBI/2001 concerning Transparency of Banks Financial Condition (State Gazette of the Republic of Indonesia Number 150 of 2001, Supplement to the State Gazette of the Republic of Indonesia Number 4159);
2. Article 17 paragraph (3) of Bank Indonesia Regulation Number 15/3/PBI/2013 concerning Transparency of Rural Bank Financial Condition (State Gazette of the Republic of Indonesia Number 94 of 2013, Supplement to the State Gazette of the Republic of Indonesia Number 5418); and
3. Regulation concerning the obligation of AP to fulfill of the PPL as stipulated in Rule Number VIII.A.1 as annex of The Decree of the Chairman of the Capital Markets and Financial Institutions Supervisory Agency Number KEP-41/BL/2008 concerning Registration of Accountant Conducting Activities in Capital Markets, are declared to still be valid as long as they are not in conflict with this Financial Services Authority Regulation until the issuance of Financial Services Authority Circular Letter; and
4. Article 19 letter c and Article 27 of Bank Indonesia Regulation Number 15/3/PBI/2013 concerning Transparency of Rural Bank Financial Condition (State Gazette of the Republic of Indonesia Number 94 of 2013, Supplement to the State Gazette of the Republic of Indonesia Number 5418), are declared to still be valid as long as they are not in conflict with this Financial Services Authority Regulation.

Article 44

Regulation concerning The Annual Report of Accountant Activities as stipulated in Rule Number X.J.2. as annex of The Decree of the Chairman of the Capital Markets and Financial Institutions Supervisory Agency Number KEP-KEP-395/BL/2008 concerning The Annual Report of

Accountant Activities, is declared to remain valid for the submission of the Annual Reports of Accountant Activities for the period of April 1st ,2016 to March 31st , 2017 to the Financial Services Authority.

Article 45

This Financial Services Authority Regulation shall comes into effect as of the date of enactment.

For public information, this Financial Services Authority regulation is ordered to be published in the State Gazette of the Republic of Indonesia.

Ratified in Jakarta

On 27 March 2017

CHAIRMAN OF BOARD OF
COMMISSIONERS
FINANCIAL SERVICES AUTHORITY,

MULIAMAN D. HADAD

Enacted in Jakarta

On 27 March 2017

MINISTER OF LAW AND HUMAN RIGHTS
REPUBLIC OF INDONESIA,

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 62 OF 2017

ELUCIDATION
TO
FINANCIAL SERVICES AUTHORITY REGULATION
NUMBER 13/POJK.03/2017
CONCERNING
THE USE OF PUBLIC ACCOUNTANT AND AUDITING FIRM IN FINANCIAL
SERVICES ACTIVITIES

I. GENERAL REVIEW

The creation of market discipline should be supported by transparent financial information from the Party Conducting Financial Services Activities. This is due to the fact that transparency of financial information facilitates a fair assessment for the interest of the public and investor. Therefore, Party Conducting Financial Services Activities should prepare and present qualified financial information.

The availability of qualified financial information is a reflection of good governance implementation which involves the role of Audit Committee in supervising the effectiveness of the external audit function by Public Accountants and Auditing Firms.

In order to improve the quality of financial information, a Party Conducting Financial Services Activities use services provided by Public Accountants and Auditing Firms. Thus, Public Accountants and Auditing Firms have an important role to support financial services sector activities by enforcing market discipline.

Therefore, in order to maintain public trust on the quality of financial information, a Party Conducting Financial Services Activities shall maintain an independent relationship with Public Accountants and Auditing Firms.

Based on the considerations above, it is deemed necessary to regulate the use of Public Accountant and Auditing Firm in financial services activities.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Paragraph (1)

Party Conducting Financial Services Activities includes Financial Services Institution and/or proprietorship or legal entity that conducts financial services.

Letter a

“AP registered with the Financial Services Authority” is the AP that is registered on one or more financial services sector at the Financial Services Authority.

Example:

PT Bank “ABC” Tbk. shall use:

1. KAP registered with the Financial Services Authority; and
2. AP that is registered at least in the Banking and Capital Markets sector.

Letter b

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Article 3

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Letter a

Sufficiently clear.

Letter b

Sufficiently clear.

Letter c

“Disgraceful act” includes being on the negative track record list administrated by the Financial Services Authority.

“non-performing loans or financing” are non-performing loans or financing as stipulated in the credit information system managed by the authorities.

Paragraph (3)

Letter a

“multiple positions” is:

1. working at other KAP or other supporting profession in financial services activities registered in the Financial Services Authority; and/or
2. working in a client corporation as well as business groups of clients whose financial reports will be consolidated.

Letter b

Sufficiently clear.

Letter c

Competence and knowledge in the field of financial services and industry that use the services of AP, is fulfilled by among others certification program held by institutions recognized by the Financial Services Authority, in accordance with the minimum of number of SKP required as stipulated by the Financial Services Authority.

Institution recognized by the Financial Services Authority among others are the Association of Public Accountants and the Association of Accountants designated by the Minister.

The institutions as referred coordinates with the Financial Services Authority to determine the certification material, the number of SKP, and submission of certification participants data that has been recapped.

Paragraph (4)

Knowledge on sharia accounting is fulfilled by among others, certification program held by institutions recognized by the Financial Services Authority.

Institutions recognized by the Financial Services Authority among others are the Association of Public Accountants and the Association of Accountants designated by the Minister.

The institutions as referred coordinate with the Financial Services Authority to determine the certification material.

“Association of Accountants” is a nationwide organization of accountant profession as referred to the laws and regulations on state registered accountant.

Paragraph (5)

Sufficiently clear.

Paragraph (6)

Sufficiently clear.

Article 4

Paragraph (1)

Letter a

Sufficiently clear.

Letter b

Curriculum vitae includes among others, the education background and work experience as an auditor, including a description of the assignment received in the last 3 (three) years at the KAP as well as information about the name of the company being audited, year of assignment, and the type of assignment.

Letter c

Sufficiently clear.

Letter d

Sufficiently clear.

Letter e

Sufficiently clear.

Letter f

Sufficiently clear.

Letter g

Sufficiently clear.

Letter h

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Article 5

Sufficiently clear.

Article 6

Sufficiently clear.

Article 7

Letter a

Sufficiently clear.

Letter b

For examination purposes, the Financial Services Authority may coordinate with the Ministry of Finance.

Letter c

Sufficiently clear.

Letter d

Sufficiently clear.

Letter e

Institutions recognized by the Financial Services Authority includes among others the Association of Public Accountants designated by the Minister.

The institutions as referred coordinate with the Financial Services Authority to determine the PPL material and submission data that has been recapitulated on the realization of the PPL that has been followed by the AP, at the latest by the end of January of the next year. Recapitulation data of the realization of PPL followed by the AP, is used among others for assessing the compliance in meeting PPL requirements.

Article 8

Paragraph (1)

“Financial services sector” is the Banking, Capital Markets, and NBFIs sector.

Paragraph (2)

Example:

AP “X” is already registered with the Banking sector at the Financial Services Authority. If AP “X” wants to provide services to a Party Conducting Financial Services Activities in the Capital Markets sector and/or NBFIs sector as well, the AP “X” needs to add the scope of the provision of services to the Capital Markets and/or NBFIs sector at the Financial Services Authority.

Paragraph (3)

Sufficiently clear.

Article 9

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Paragraph (5)

Letter a

Sufficiently clear.

Letter b

Sufficiently clear.

Letter c

“other causes” includes among others if a KAP only has 1 (one) AP Partner registered with the Financial Services Authority, but does not have a cooperative agreement with other KAP that has a AP Partner registered in the list of active AP and KAP at the Financial Services Authority.

Paragraph (6)

Letter a

Sufficiently clear.

Letter b

Sufficiently clear.

Letter c

AP may delay PPL each year but does not eliminate the obligation to fulfill the minimum amount of SKP of PPL each year as stipulated by the Financial Services Authority.

Paragraph (7)

Letter a

Sufficiently clear.

Letter b

Sufficiently clear.

Letter c

“other causes” includes if a license is revoked or declared as invalid by the Minister or death.

Paragraph (8)

Sufficiently clear.

Article 10

Paragraph (1)

In the event that the remaining term on the AP’s license granted by the Minister is less than 3 (three) years from the date of temporary termination of the provision of services, the term requested to terminate the provision of services is at the most until the end of the AP’s licenses term from the Minister.

Example 1:

An AP’s license term from the Minister is valid until March 1st, 2020 and the planned date of temporary termination of the provision of services is January 1st, 2017, hence the period to discontinue services is valid until December 31st, 2019.

Example 2:

An AP’s license from the Minister is valid until March 1st, 2019 and the planned date of temporary termination of the provision of services is January 1st, 2017, hence the period to discontinue services is valid until of March 1st, 2019.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Article 11

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Example:

AP who has received approval for the temporary termination of the provision of services for 3 (three) years, since the date of

January 1st, 2017 until the date of December 31st, 2019 can reactivate by the following means:

- a. follow PPL each year in 2017, 2018, and 2019; or
- b. follow PPL that is accumulated in the period of January 1st, 2018 until December 31st, 2019.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Paragraph (5)

Sufficiently clear.

Article 12

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Letter a

Sufficiently clear.

Letter b

“particular consideration” includes:

1. currently being examined by the Financial Services Authority and/or other authorities;
2. currently providing services to the Party Conducting Financial Services Activities; and/or
3. other considerations.

Paragraph (3)

Sufficiently clear.

Article 13

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Paragraph (5)

“AP and/or KAP that cannot complete the provisioning of audit services on annual historical financial information” is an AP and/or KAP that is included on the list of temporarily inactive AP and KAP or the list of permanently inactive AP and KAP in the Professional Assignment Period.

Paragraph (6)

Sufficiently clear.

Paragraph (7)

Sufficiently clear.

Paragraph (8)

Sufficiently clear.

Article 14

Sufficiently clear.

Article 15

Sufficiently clear.

Article 16

Paragraph (1)

Example:

PT “ABC” uses audit service of annual historical financial information from AP “X” since the accounting year of 2015, therefore PT “ABC” can only use the services of AP “X” consecutively for the accounting years of 2015, 2016, and 2017.

Paragraph (2)

“AP that is associated party” is an AP who does not sign the independent auditors report but were directly involved in the provision of audit services of annual historical financial information.

Paragraph (3)

Example:

“ABC” Bank has used audit services of annual historical financial information from AP “X” for the accounting years of 2015, 2016, and 2017. Therefore, “ABC” bank can only reuse

the services of AP “X” starting from the accounting year of 2020.

Article 17

Sufficiently clear.

Article 18

Paragraph (1)

When providing services to a Party Conducting Financial Services Activities, AP and KAP maintain their independency and are free from conflict of interest as referred to in the Act concerning Public Accountant.

“The independent condition for AP, KAP, and people within KAP to a Party Conducting Financial Services Activities during an Audit Period and Professional Assignment Period” is if during the provision of service, there are no such conditions:

- a. material financial interest;
- b. employment relationship;
- c. business relationship which is material, including with key employees or the majority shareholder;
- d. the provision of non-assurance services;
- e. the provision of services or products based on a contingent fee or commission;
- f. legal disputes; and/or
- g. other matters that may cause a conflict of interest.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Article 19

Paragraph (1)

AP and/or KAP communicate with the Supervision Work Unit in accordance with the relevant type of financial services institution.

“financial services institution” is a financial services

institution as defined in Financial Services Authority Regulation concerning Fit and Proper Test for Main Parties of the Financial Services Institution.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Information requested by the Financial Services Authority to the AP and/or KAP includes audits of working paper, if necessary.

Article 20

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Letter a

Reports on changes in AP and/or KAP data, among others, includes the changes in KAP license, relocation of AP to another KAP, changes in the cooperative agreement between the Partners for Partnership KAP, changes in the name of KAP, changes in domicile address of KAP and/or branch offices of KAP, changes in the composition of AP Partner, changes on the head of the KAP, changes in the agreement between KAP with other KAP registered with the Financial Services Authority, changes in cooperative agreement between KAP with foreign auditing firms or foreign audit organization, temporary discontinue of services, opening of KAP branches, and/or AP resignation or revocation of KAP business license to the Minister.

Letter b

Sufficiently clear.

Letter c

Sufficiently clear.

Paragraph (5)

Letter a

Sufficiently clear.

Letter b

Sufficiently clear.

Letter c

Sufficiently clear.

Letter d

Sufficiently clear.

Letter e

Sufficiently clear.

Letter f

Example:

1. AP "X" incorporated with KAP "XYZ" conduct an audit of the annual historical financial information of PT "ABC" for the financial position of December 31st, 2016, December 31st, 2017, and December 31st, 2018, so the number of years of the audit period is:
 - a) AP "X" to PT "ABC" reported for 3 (three) years in the 2019 KAP report on the provision of services;
 - b) KAP "XYZ" to PT "ABC" reported for 3 (three) years in the 2019 KAP report on the provision of services;
2. AP "Y" incorporated with KAP "XYZ" conduct an audit of the annual historical financial information of PT "ABC" for the financial position of December 31st, 2019 and December 31st, 2020, so the number of years of the audit period is:
 - a) AP "Y" to PT "ABC" reported for 2 (two) years in the 2021 KAP report on the provision of services;
 - b) KAP "XYZ" to PT "ABC" reported for 5 (five) years in the 2021 KAP report on the provision of services;

Letter g

Sufficiently clear.

Article 21

Paragraph (1)

Example:

The KAP report on the provision of services for the period of April 1st 2017 until March 31st 2018 attached with supporting evidence at the latest by April 15th 2018.

Supporting evidence is submitted by KAP “XYZ” to the Financial Services Authority, includes among others the form of payment receipt for services provided by KAP to the Party Conducting Financial Services Activities.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Article 22

Paragraph (1)

The approval or notification of the data changes from the Ministry of Finance received by the AP and/or KAP is proven by a receipt of document approval or notification of data changes from the Ministry of Finance.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Article 23

Data and information may be obtained by the Financial Services Authority through coordination with other parties.

“other parties” includes the Ministry of Finance and Association of Public Accountants designated by the Minister.

Data and information for updating the data of AP and KAP is the data and information as referred to in Article 20 paragraph (4) letter a. In addition, the data and information includes the AP and/or KAP that is subjected to sanctions, including among others revocation or suspension of license by the Minister, the duration of

the AP permission from the Minister is expired, resignation of the AP, death of the AP, KAP disbanded, the AP and/or KAP have a legal disputes that potentially disrupt the continuity of the provision of services.

Article 24

Paragraph (1)

“Submitted to the Financial Services Authority” is when the reports on significant violation, significant weakness and/or conditions or estimated conditions that could jeopardize the business continuity of the Party Conducting Financial Services Activities is received by the Financial Services Authority.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Article 25

Sufficiently clear.

Article 26

Sufficiently clear.

Article 27

Sufficiently clear.

Article 28

Paragraph (1)

Letter a

Documents appointing AP and/or KAP includes among others, executive summary of the General Meeting of Shareholders or summary of the General Meeting of Shareholders, the Work Agreement between Party Conducting Financial Services Activities and the KAP.

Letter b

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Article 29

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Example:

PT Bank “ABC” Tbk. conduct activities in the Banking and Capital Markets sector, therefore PT Bank “ABC” Tbk. submit the report as referred to in Article 28 paragraph (1) to the banking sector supervisor since PT Bank “ABC” Tbk. institutional form is a bank.

Article 30

Sufficiently clear.

Article 31

Example:

1. The deadline for the submission of the application and/or report that shall be submitted to the Financial Services Authority via offline falls on an on Saturday, therefore the application and/or reports may be submitted on the following business day which is Monday.
2. If the application and/or reports is submitted on Tuesday, the KAP is declared as late in submitting the application and/or report for 1 (one) day.

Article 32

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Financial Services Authority may coordinate with the Ministry of Finance in providing information and/or recommendations for the revocation of an AP and/or KAP's license, due to the AP and/or KAP violating this Financial Services Authority Regulation and/or other laws and regulations.

Paragraph (4)

Sufficiently clear.

Paragraph (5)

Sufficiently clear.

Article 33

Sufficiently clear.

Article 34

Sufficiently clear.

Article 35

Sufficiently clear.

Article 36

Sufficiently clear.

Article 37

Sufficiently clear.

Article 38

Paragraph (1)

Letter a

Sufficiently clear.

Letter b

Sufficiently clear.

Letter c

Sufficiently clear.

Letter d

Sufficiently clear.

Letter e

Sufficiently clear.

Letter f

Example:

AP will be imposed sanctions in the form of written warning or written reminders as follows:

1. the first time on April 15th 2017;
2. the second time on November 31st 2018; and
3. the third time on April 1st 2019.

Thus, the AP has received 3 (three) sanction in the form of written warning or written reminders within a period of 2 (two) years.

Paragraph (2)

Sufficiently clear.

Article 39

Letter a

Sufficiently clear.

Letter b

Example:

Serious violation includes:

1. AP and/or KAP manipulating, helping to manipulate, and/or falsifying data related to services that they provide; and/or
2. AP and/or KAP provides services to the Party Conducting Financial Services Activities during the period of temporarily inactive.

Letter c

Example:

AP and/or KAP will be imposed administrative sanctions in the form of suspension of registration for:

1. The first time on January 15th 2017; and
2. The second time on January 10th 2019.

Thus, the AP and/or KAP has received 2 (two) administrative sanctions in the form of suspension of registration within a

period of 3 (three) years.

Letter d

Sufficiently clear.

Letter e

Sufficiently clear.

Article 40

Sufficiently clear.

Article 41

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Paragraph (5)

Sufficiently clear.

Paragraph (6)

Sufficiently clear.

Paragraph (7)

Sufficiently clear.

Paragraph (8)

Example:

PT "ABC" in 2014 has appointed AP "X" as an auditor for 5 (five) years, for the accounting year that began on 2014 until 2018, therefore PT "ABC" could only use services of AP until the accounting year of 2017. Therefore for accounting year of 2018, PT "ABC" must appoint another AP other than AP "X", based on this Financial Services Authority Regulation.

Article 42

Sufficiently clear.

Article 43

Sufficiently clear.

Article 44

Sufficiently clear.

Article 45

Sufficiently clear.

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