CHAPTER I

GENERAL PROVISIONS

Article 1

Under this Law what is meant by:

1. Financial Services Authority, hereinafter referred to as OJK, is an agency which is independent and free from interference by other parties, having the functions, duties, and authorities to regulate, to supervise, to examine, and to investigate as referred to under this Law.

2. Board of Commissioners is the top management of the OJK, which is collective and collegial in nature.

3. The Chief Executive is a member of the Board of Commissioners in charge of leading the implementation of supervision of financial services activities and reporting performance of its duties to the Board of Commissioners.
4. Financial Services Institutions are institutions that carry out activities in the sectors of Banking, Capital Markets, Insurance, Pension Funds, Financing Institutions, and Other Financial Services Institutions.

5. Banking is all matters that concern about the bank, including the institutions, business activities, as well as the manners and processes in conducting their business activities in the conventional and Islamic ways as defined in the banking and Islamic banking laws.

6. Capital Markets are the activities concerned with the public offering and securities trading, the Public Company relating to the issuance of securities, as well as the institutions and professions relating to the securities referred to under the law on capital markets.

7. Insurance is the insurance companies engaged in insurance business sector, namely financial services business to raise public funds through the collection of insurance premiums to provide protection for users of insurance services against losses due to an uncertain events or for a person's life or death, reinsurance business, and businesses supporting the insurance business by conducting insurance intermediary services, insurance loss assessment and actuarial services, as defined in the laws concerning insurance business.

8. Pension Fund is a legal entity that manages and undertakes programs that promise pension benefits as stipulated in the laws on pension funds.

9. Financing Agency is a business entity that carries out financing activities in the form of provision of funds or capital goods as defined in the regulations regarding financing institutions.

10. Other Financial Services Institutions are pawnshops, guarantee agencies, Indonesia’s export financing institutions, secondary housing financing companies, and institutions that manage mandatory public funds, including organizers of social security, pension, and welfare programs, as defined in the regulations concerning pawnshops, guarantee, Indonesia's export financing institutions, secondary housing financing companies, and management of mandatory public funds, as well as other financial institutions declared to be under the supervision of the OJK based on the legislation.

11. Regulations of OJK are written rules set by the Board of Commissioners, generally binding, and promulgated in the State Gazette of the Republic of Indonesia.

12. Regulations of the Board of Commissioners are written rules set by the Board of Commissioners and internally binding within the OJK.
13. Bank Indonesia is the Central Bank of the Republic of Indonesia as defined in the Constitution of the Republic of Indonesia Year 1945.

14. Deposit Insurance Corporation (LPS) is the LPS as defined in the law on deposit guarantee institution.

15. Consumers are parties who put their funds and/or utilize the services available at the Financial Services Institutions, including, among others, Banking customers, Capital Market investors, Insurance policyholders, and Pension Fund participants, based on the legislations in the financial services sector.


17. Governor of Bank Indonesia is the presiding member of the Board of Governors of Bank Indonesia.

18. Minister of Finance is the minister in charge of the governmental affairs in the financial sector.

19. Chairperson of the Board of Commissioners of LPS is the presiding member of the Board of Commissioners of the LPS.

20. Ex-officio is a person's position in a particular institution due to the person’s duties and authority in another agency.

21. Ethics Committee is an organ supporting the Board of Commissioners, which oversees compliance of the OJK Board of Commissioners, officials and employees with the code of ethics.

22. Board of Auditors is an organ supporting the Board of Commissioners, which evaluates the implementation of OJK duties and develops OJK auditing standards and risk management.

23. The Selection Committee is a committee formed by the President, whose duty is to select and determine prospective members of the Board of Commissioners to be submitted to the President.

24. Each person is an individual or a corporation.

25. Financial System Stability Coordinating Forum is a coordinating forum established to maintain the stability of the financial system, whose members consist of the Minister of Finance as the Coordinating member, the Governor of Bank Indonesia as a member, Chairperson of the Board of Commissioners of LPS as a member, and Chairperson of the Board of Commissioners of OJK as a member.
CHAPTER II
ESTABLISHMENT, STATUS, AND DOMICILE

Article 2
(1) OJK is herewith established by this law.
(2) OJK is an independent institution in carrying out its duties and responsibilities, free from interference by other parties, except for matters expressly set forth under this Law.

Article 3
(1) OJK is domiciled in the capital of the Republic of Indonesia.
(2) OJK may have offices inside and outside the territory of the Unitary Republic of Indonesia established according to necessities.

CHAPTER III
OBJECTIVES, FUNCTIONS, DUTIES, AND AUTHORITY

Article 4
(1) OJK is formed with the aim that the overall activities within the financial services sector are:
   a. implemented in an organized, fair, transparent and accountable manner;
   b. able to realize the financial system that grows in a sustainable and stable manner; and
   c. capable of protecting the interests of consumers and the society.

Article 5
OJK functions to establish an integrated regulation and supervision system for all activities in the financial services sector.

Article 6
OJK performs its regulatory and supervisory duties over:
   a. financial services activities in the banking sector;
   b. financial services activities in the Capital Markets sector; and
c. financial services activities in the sectors of Insurance, Pension Funds, Financing Institutions, and Other Financial Services Institutions.

Article 7

In order to exercise its regulatory and supervisory duties in the banking sector as referred to under Article 6 letter a, OJK has the following authorities:

a. regulation and supervision of banking institutions which include:
   1. licenses for the establishment of banks, bank office opening, the basic budget, work plan, ownership, management and human resources, mergers, consolidations and acquisitions of banks, as well as revocation of business licenses of banks; and
   2. business activities of banks, including, among others, sources of funds, provision of funds, hybridization products, and activities in services;

b. regulation and supervision of bank condition that include:
   1. liquidity, profitability, solvency, asset quality, the minimum capital adequacy ratio, the maximum lending limit, loans to deposits ratio, and bank reserves;
   2. bank statements relating to bank’s condition and performance;
   3. debtor information system;
   4. credit testing; and
   5. bank accounting standards;

b. regulation and supervision of bank prudential aspects, including:
   1. risk management;
   2. governance;
   3. the principles of Know Your Customer and Anti Money Laundering; and
   4. prevention of terrorism financing and banking crimes; and

d. bank examination.

Article 8

In order to perform its regulatory duties referred to under Article 6, OJK has authorities:

a. To establish implementing regulations for this Law;

b. To establish rules and regulations in the financial services sector;

c. To establish OJK rules and decisions;
d. To establish rules regarding supervision in the financial services sector;
e. To establish policies regarding the implementation of OJK duties;
f. To establish rules concerning procedures for issuing a written order to Financial Services Institutions and certain parties;
g. To establish rules concerning procedures for appointing statutory manager at Financial Services Institutions;
h. To establish organizational structure and infrastructure, as well as to manage, maintain, and administer assets and liabilities; and
i. To establish rules regarding procedures for imposing sanctions in accordance with the provisions of legislations in the financial services sector.

Article 9

In order to perform its supervisory duties referred to under Article 6, OJK has authorities:

a. To establish operational oversight policies for financial services activities;
b. To oversee the implementation of supervisory duties performed by the Chief Executive.
c. To conduct supervision, inspection, investigation, Consumer protection, and other actions towards Financial Services Institutions, players, and / or supporting activities to financial services as defined under the laws and regulations in the financial services sector;
d. To provide written order to the Financial Services Institutions and / or certain parties;
e. To appoint statutory manager;
f. To establish the use of statutory manager;
g. To impose administrative sanctions on any party violating the laws and regulations in the financial services sector; and
h. To issue and / or revoke:
   1. business licenses;
   2. individual licenses;
   3. effective registration statement;
   4. registered-license letter;
   5. approval of business activities;
   6. ratification;
   7. approval or determination of liquidation; and
   8. Other confirmation,
as stipulated under the laws and regulations in the financial services sector.

CHAPTER IV
Board of Commissioners

Part One
Structure of the Board of Commissioners

Article 10

(1) OJK is led by the Board of Commissioners.
(2) Board of Commissioners as referred to under paragraph (1) is collective and collegial.
(3) Board of Commissioners consists of 9 (nine) members established by Presidential Decree.
(4) Composition of Board of Commissioners as referred to under paragraph (3) consists of:
   a. Chairman who is also a member;
   b. a Vice-Chairman functioning as the Chairman of the Ethics Committee and a member;
   c. a Chief Executive functioning as Banking Supervisor and a member;
   d. a Chief Executive functioning as Capital Market Supervisor and a member;
   e. a Chief Executive functioning as Insurance, Pension Funds, Financing Institutions, and Other Financial Services Institutions Supervisor and a member;
   f. a Chairman of Board of Auditors and a member;
   g. a member in charge of consumer education and protection;
   h. an Ex-officio member from Bank Indonesia, who is a member of the Board of Governors of Bank Indonesia; and
   i. an Ex-officio member from the Ministry of Finance, who is an echelon I level official at the Ministry of Finance.
(5) Members of the Board of Commissioners as referred to under paragraph (4) have equal voting rights.

Part Two
Appointment and Dismissal
Article 11

(1) Members of the Board of Commissioners as referred to under Article 10 paragraph (4) letter a through letter g are chosen by the House of Representatives from the candidates proposed by the President.

(2) Selection and determination of candidate members of the Board of Commissioners to be proposed to the President referred to under paragraph (1) is conducted by a Selection Committee which is established by a Presidential Decree:
   a. At a minimum of 6 (six) months prior to expiration of term of office of members of the Board of Commissioners; or
   b. Within a maximum of 2 (two) months from the date of the vacancy or the dismissal of members of the Board of Commissioners for the reasons referred to under Article 17 paragraph (1) letter a, letter b, letter d, letter e, letter f, letter g, letter h, letter i, and / or letter j.

(3) Selection Committee referred to under paragraph (2) consists of 9 (nine) members representing the elements of the Government, Bank Indonesia, and the public.

(4) The selection committee announces the recruitment process of candidates for Board of Commissioners as referred to under paragraph (1) to the public no later than 5 (five) working days after the enactment of the Selection Committee referred to under paragraph (2).

(5) Registration of candidates is conducted within 12 (twelve) consecutive working days.

(6) The selection committee conducts an administrative selection of candidate members of the Board of Commissioners as referred to under paragraph (5).

(7) The selection committee announces the names of candidates who have passed the administrative selection to obtain public opinions no later than 5 (five) working days after the end of the registration period referred to under paragraph (5).

(8) Opinions as referred to in paragraph (7) are submitted to the Selection Committee within 12 (twelve) working days from the date of announcement.

(9) The selection committee conducts the assessment and selection and submits 3 (three) candidates for each required member of the Board of Commissioners to the President, within a maximum of 12 (twelve) working days following the end of the period referred to under paragraph (8).
Article 12

(1) The President selects and presents 2 (two) candidates for each required member of the Board of Commissioners to the House of Representatives, no later than 12 (twelve) working days from the date the candidate names have been received from the Selection Committee as referred to under Article 11 paragraph (9).

(2) Out of the candidate members of the Board of Commissioners as referred to under paragraph (1), the President proposes 2 (two) candidates to be selected by the House of Representatives as the Chairman of the Board of Commissioners.

(3) Candidates for the Board of Commissioners who are not selected to be the Chairman of the Board of Commissioners as referred to under paragraph (2) are engaged in the selection for members of the Board of Commissioners by the House of Representatives.

(4) House of Representatives vote for candidate members of the Board of Commissioners to fulfil the required number of members of the Board of Commissioners, no later than 45 (forty five) working days upon receipt of names of candidates for Board of Commissioners from the President as referred to under paragraph (1).

(5) Selected candidates for the Board of Commissioners are presented by the House of Representatives to the President no later than 5 (five) working days after the completion of the selection process for the Board of Commissioners as referred to under paragraph (4).

(6) The President appoints and establishes selected members of the Board of Commissioners no later than 30 (thirty) working days from the date the names of selected members of the Board of Commissioners have been received from the House of Representatives.

Article 13

(1) Members of the Board of Commissioners as referred to under Article 10 paragraph (4) letter h are appointed and established by the President on the recommendation of the Governor of Bank Indonesia.

(2) Members of the Board of Commissioners as referred to under Article 10 paragraph (4) letter i are appointed and established by the President on the recommendation of the Minister of Finance.
Article 14

(1) Chairman, Vice Chairman, and members of the Board of Commissioners are appointed and established by Presidential Decree.

(2) The division of tasks among members of the Board of Commissioners as referred to under Article 10 paragraph (4) letter b to the letter g is decided based on the meeting of the Board of Commissioners and enforced by the Decree of the Board of Commissioners.

(3) Members of the Board of Commissioners as stipulated under Article 10 paragraph (4) letter a through letter g are appointed for a term of 5 (five) years and may be reappointed for 1 (one) more term.

Article 15

Qualifications required of candidates for the Board of Commissioners as referred to under Article 10 paragraph (4) letter a through letter g are as follows:

a. citizens of Indonesia;

b. have good character, morals, and integrity;

c. competent for legal actions;

d. have never been declared bankrupt or have never been involved in a company as board of directors that cause the company’s bankruptcy;

e. physically healthy;

f. aged 65 (sixty five) years or younger at the time specified;

g. have experience or expertise in the financial services sector; and

h. have never been sentenced to prison by a court ruling with final legal force for committing a criminal offense punishable with 5 (five) years of imprisonment or more.

Article 16

(1) Chairman, Vice Chairman, and members of the Board of Commissioners before taking office shall take an oath or pledge according to their religion or belief in before the Supreme Court.

(2) The sound of pronunciation of oath or pledge referred to under paragraph (1) is as follows:

"I swear / pledge that I, to become the Chairman / Vice Chairman / member of the Board
of Commissioners of OJK, directly or indirectly, in whatsoever name and reason shall not give or promise to give anything to anyone".

"I swear / pledge that I, when doing or not doing something in this position, shall not receive, directly or indirectly, from anyone any promise or gift of any kind".

"I swear / promise that I will carry out the duties and obligations as the Chairman / Vice Chairman / member of the Board of Commissioners OJK in the best way and with full sense of responsibility under legislation relating to the duties and obligations".

"I swear / promise that I will be faithful to the Republic of Indonesia and the Constitution of the Republic of Indonesia of 1945".

Article 17

(1) Members of the Board of Commissioners cannot be dismissed before his/her term ends, except for the following reasons:

a. death;

b. resignation;

c. term of office has expired and no re-appointment;

d. Permanently unable to continue the performance of duties or medically declared to be unable to perform duties for more than 6 (six) consecutive months;

e. not performing duties as a member of the Board of Commissioners for more than 3 (three) consecutive months without an acceptable and accountable reason;

f. no longer a member of the Board of Governors of Bank Indonesia for the Ex-officio member of the Board of Commissioners from Bank Indonesia as referred to in Article 10 paragraph (4) letter h;

g. no longer an echelon I level official at the Ministry of Finance for ex-officio member of the Board of Commissioners from the Ministry of Finance referred to in Article 10 paragraph (4) letter i;

h. having family ties until the second-degree family ties and / or related by marriage to another member of the Board of Commissioners and neither resigns from their posts;

i. violate the code of ethics; or

j. no longer meeting one of the conditions referred to in Article 15 and violating the prohibitions referred to in Article 22.
(2) Termination as referred to in paragraph (1) is proposed by the Board of Commissioners to the President for enactment.

Part Three
Interim Replacement

Article 18
(1) In the event that a member of the Board of Commissioners as referred to in Article 10 paragraph (4), letters a through g, is dismissed for reasons referred to in Article 17 paragraph (1) letter a, letter b, letter d, letter e, letter f, letter g, letter h, letter i, and/or letter j, interim replacement of members of the Board of Commissioners shall be executed in accordance with the procedure of the Board of Commissioners appointment procedure as provided in this Act.

(2) The interim Members of the Board of Commissioners shall be appointed to replace the dismissed members as referred to in paragraph (1) and shall continue the remaining term of office of the respective members.

(3) Replacement of members of the Board of Commissioners as referred to in paragraph (1) shall not take place in the event that the remaining term of office of the dismissed members is less than 1 (one) year.

Article 19
(1) In the case of Chairman of the Board of Commissioners is dismissed for reasons referred to in Article 17 paragraph (1), Vice Chairman of the Board of Commissioners shall act as caretaker to carry out the duties and authority of the Chairman of the Board of Commissioners until the new Chairman of the Board of Commissioners is appointed.

(2) In the case of Vice-Chairman of the Board of Commissioners is dismissed for reasons referred to in Article 17 paragraph (1), Chairman of the Board of Commissioners shall act as caretaker to perform the duties and authorities of Vice Chairman of the Board of Commissioners until the new Vice Chairman of Board of Commissioners is appointed.

(3) In the case of the Chairman and Vice Chairman of the Board of Commissioners dismissed for reasons referred to in Article 17 paragraph (1), based on the consent of the Board of Commissioners, one member of the Board of Commissioners as referred to in Article 10 paragraph (4) letter c to letter g shall act as a temporary officer to carry out the duties and authority of the Chairman and/or Vice Chairman of the Board of Commissioners.
Commissioners until the new Chairman and/or Vice Chairman of the Board of Commissioners is appointed.

(4) In the event that a member of the Board of Commissioners as referred to in Article 10 paragraph (4) letter c to letter g is dismissed for reasons referred to in Article 17 paragraph (1), based on the consent of the Board of Commissioners, one member of the Board of Commissioners, with the exception of the Board Ex-officio Commissioner referred to in Article 10 paragraph (4) and the letter h letter i, shall act as a temporary officer to carry out the duties and authority of the dismissed Board of Commissioners member until a new member is appointed.

Part Four
Duties and Authorities

Article 20

Duty arrangements referred to in Article 6 is performed by the Board of Commissioners.

Article 21

In exercising the authority referred to in Article 6, the Board of Commissioners enacts the Financial Institution Authority Bill, the Board of Commissioners Regulation, and/or decision of the Board of Commissioners.

Part Five
Prohibitions

Article 22

Members of the Board of Commissioners are prohibited from:

a. having conflict of interest within the Financial Services Institutions supervised by OJK;

b. resuming a position within implementing or professional organizations under the Financial Services Institutions;

c. resuming a position within a political party, and

d. holding positions at other institutions, except in conjunction of exercising functions, duties and authority of the OJK and/or assignment under the provisions of the legislation.
Article 23

(1) Family ties to the second degree and kinship by marriage amongst members of the Board of Commissioners is prohibited.

(2) Should any of members of the Board of Commissioners is proved to belong to a family relationship as referred to in paragraph (1), one of them must resign from office within 30 (thirty) days from the date the kinship is revealed.

(3) In the circumstance that none of members of the Board of Commissioners as referred to in paragraph (2) resigns, all members of the Board of Commissioners who belong to such kinship shall be dismissed from office by the President.

Part Six
Meetings and Decision Making

Article 24

(1) The Board of Commissioners hold regular meeting of the Board of Commissioners at least 1 (one) time in 2 (two) weeks or at any time requested by one of the Board of Commissioners members.

(2) The Chairman of the Board of Commissioners shall lead the meeting.

(3) In the event that the Chairman of the Board of Commissioners is absent, the Vice Chairman of the Board of Commissioners shall lead the meeting.

(4) In the case of the Chairman and Vice Chairman of the Board of Commissioners as referred to in paragraph (2) and paragraph (3) is absent, based on the consensus of the Board of Commissioners, one member of the Board of Commissioners shall be appointed to lead the meeting of the Board of Commissioners.

(5) Meeting of the Board of Commissioners is declared valid if attended by more than half (one half) of the total members of the Board of Commissioners.

(6) Decision making by the Board of Commissioners is performed by deliberation to reach consensus.

(7) In the case of such deliberation to reach a consensus as referred to in paragraph (6) fails, decision is determined by majority vote.

(8) Minute of meeting shall be created for each of the Board of Commissioners meeting, and is signed by all members of the Board of Commissioners in attendance.
(9) Further provisions regarding the procedures of the Board of Commissioners meeting shall be regulated by the Board of Commissioners.

Part Seven
Others

Article 25

(1) The Board of Commissioners represents the OJK in and out of court.
(2) Board of Commissioners may delegate the representation authority as referred to in paragraph (1) to one or more members of the Board of Commissioners, and / or to OJK officials or other parties representing OJK, that is specifically authorized for the representation purpose.
(3) Provisions concerning procedures for the assignment and delivery of power to other parties as referred to in paragraph (2) is regulated by the Board of Commissioners.

CHAPTER V
Organization and staffing

Article 26

(1) To support the smooth implementation of the functions, duties and authority of the OJK, the Board of Commissioners form the organization.
(2) To support the smooth implementation of the functions, duties and authority of the OJK, the Board of Commissioners to form organizations that include secretarial support, the Board of Auditors, the Ethics Committee, and other organizations as needed.
(3) To support the smooth implementation of the functions, duties and the authority of the OJK, the Board of Commissioners may appoint expert staffs.
(4) Further provisions on the organization and functioning of OJK shall be regulated by the Board of Commissioners.

Article 27

(1) Board of Commissioners appoint and dismiss officers and employees of OJK.
(2) OJK may employ civil servants in accordance with the provisions of legislations.
Further provisions regarding personnel service is regulated by the Board of Commissioners.

CHAPTER VI
CONSUMER AND COMMUNITY PROTECTION

Article 28
For the protection of consumers and society, OJK is authorized to take necessary actions to prevent consumers and communities from losses, which include:

a. providing information and educating the public on the characteristics of the financial services sector, services, and products;
b. ordering Financial Services Institutions to stop their activities if such activities are potentially harmful to society; and
c. other actions deemed necessary in accordance with the provisions of legislations in the financial services sectors.

Article 29
Consumer complaints OJK perform services that include:

a. prepare an adequate device for Consumer complaint service harmed by the perpetrator at the Institute of Financial Services;
b. Consumers make complaints mechanisms are harmed by the perpetrator at the Financial Services Institutions; and
c. facilitate the settlement of consumer complaints are harmed by the perpetrator at the Financial Services Institutions in accordance with laws and regulations in the financial services sector.

Article 30
(1) For the protection of consumers and society, OJK is authorized to perform legal defense, which includes:

a. to issue orders or to perform certain actions against the Financial Service Institutions to resolve complaints of aggrieved Consumers of Financial Services Institutions;
b. to file a lawsuit:
1. to recover property of the aggrieved party from the party who causes harm, whether such property is under control of the party causing the loss or under the control of another party in bad faith; and / or
2. to obtain compensation from the party that causes damage to the Customer and / or the Financial Service Institutions as a result of violation of laws and regulations in the financial services sector.

(2) Compensation as prescribed in paragraph (1) letter b number 2 is used only for payment of compensation to the aggrieved party.

Article 31

Further provisions on the protection of consumers and society are regulated by the OJK.

CHAPTER VII
CODE OF ETHICS AND CONFIDENTIAL INFORMATION

Part One
Code of Conduct

Article 32

(1) The Board of Commissioners establishes and enforces OJK codes of conduct.

(2) Further provisions on codes of conduct referred to in paragraph (1) are regulated by the Board of Commissioners.

Part Two
Confidentiality of Information

Article 33

(1) Any individual who serves or has served as a member of the Board of Commissioners, officers or employees OJK prohibited from using or disclosing any information that is confidential to any other party, except otherwise is required in the implementation of functions, duties, and authority based on the decision of the OJK or required by the Act.

(2) Any person who acts for and on behalf of OJK, which is employed in the OJK, or as a expert staff in the OJK, shall be prohibited from using or disclosing any information that is confidential to any other party, except in the context of the functions, duties, and authority based on OJK's decision or required by the Act.
(3) Any person who knows the information that is confidential, either because of his position, his profession, as a supervised party, or any relationship with OJK, shall be prohibited from using or disclosing such information to other parties, except otherwise is required in the implementation of functions, duties, and authority based on OJK's decision or required by the Act.

(4) Violation of the provisions of paragraph (1), paragraph (2), and paragraph (3) may be subject to administrative sanctions and / or other sanctions in accordance with the provisions of the legislation.

(5) Further provisions regarding confidentiality, use and disclosure of information referred to in paragraph (1), paragraph (2), and paragraph (3), shall be regulated by the Board of Commissioners.

CHAPTER VIII
WORK PLAN AND BUDGET

Article 34

(1) Board of Commissioners shall prepare and establish OJK work plan and budget.

(2) OJK budget sources are from the State Budget and / or fees from parties carrying on activities in the financial services sector.

(3) Further provisions concerning the OJK work plan and budget as referred to in paragraph (1) shall be regulated by the Board of Commissioners.

Article 35

(1) OJK budget as referred to in Article 34 paragraph (2) is expensed to finance operations, administrative, procurement of assets and other supporting activities.

(2) Budget and the use of budget to finance the activities referred to in paragraph (1) shall be determined based on a reasonable standard in the financial services sector and are exempted from the standards of common costs, the process of procurement of goods and services, and the remuneration system as stipulated in the legislation associated with the State Budget, procurement of goods and services of the Government, and the remuneration system.

(3) To support the operational activities of OJK, the Government may perform the initial placement of funds into the OJK.
Further provisions on standard costs, the process of procurement of goods and services, and the remuneration system is regulated by the Board of Commissioners.

Article 36

For the determination of the budget referred to in Article 34 paragraph (1) and paragraph (2), OJK shall obtain approval of the DPR.

Article 37

(1) OJK shall charge a levy to the parties carrying on activities in the financial services sector.
(2) Parties who conduct activities in the financial services sector is obliged to pay levies imposed OJK as referred to in paragraph (1).
(3) Charges referred to in paragraph (1) shall be revenue for OJK.
(4) OJK receives, manages, and administers levies referred to in paragraph (3) in accountable and independent manner.
(5) In the case of levies received in the current year exceeds the needs of the OJK for the next financial year, the excess is deposited into the State Treasury.
(6) Further provisions regarding the levy referred to in paragraph (1) is regulated under Government Regulation.

CHAPTER IX
REPORTING AND ACCOUNTABILITY

Article 38

(1) **OJK** must prepare financial statements which consist of semi annual and annual financial statements.
(2) **OJK** must prepare a report of activities which consist of monthly, quarterly, and yearly activity reports.
(3) In the event that the House of Representatives requires an explanation, OJK must submit a report.
(4) The period of the financial statements referred to in paragraph (1) is January 1 to December 31.
(5) OJK must submit quarterly activity reports referred to in paragraph (2) to the House of Representatives as a form of public accountability.

(6) The annual activity report referred to in paragraph (2) submitted to the President and the House of Representatives.

(7) For the preparation of financial statements referred to in paragraph (1), the Board of Commissioners establish OJK accounting standards and policies.

(8) The annual financial report referred to in paragraph (1) audited by the State Audit Agency or Public Accountant appointed by the Supreme Audit Board.

(9) OJK shall publish a public annual report through print and electronic media.

(10) Further provisions on the form and structure of the financial statements referred to in paragraph (1) and activity reports referred to in paragraph (2), and ordinances, shape, and arrangement of the report which was announced to the public is regulated by the Board of Commissioners.

CHAPTER X
INSTITUTIONAL RELATIONS

Part One
Coordination and Cooperation

Article 39

In performing its duties, OJK coordinates with Bank Indonesia in making regulations in the field of banking supervision, among others:

a. compliance with minimum capital liabilities of the bank;
b. integrated banking information system;
c. policy of the receipt of funds from abroad, foreign exchange revenue funds, and foreign commercial loans;
d. banking products, derivative transactions, other business activities of banks;
e. determination of banking institutions that belong into systemically important banks category, and
Article 40

(1) In the case where Bank Indonesia to carry out its functions, duties and authorities to specifically examine a particular bank, Bank Indonesia may conduct a direct examination of the bank by submitting prior written notification to the OJK.

(2) In conducting the examination as referred to in paragraph (1), Bank Indonesia cannot provide an assessment of bank soundness.

(3) report of the results of bank examinations as referred to in paragraph (1) submitted to the OJK in maximum 1 (one) month from the issuance of examination report.

Article 41

(1) OJK shall inform LPS about the troubled bank's restructuring efforts by the OJK as defined in the legislation.

(2) In the case of OJK indicating certain banks are experiencing liquidity difficulties and / or worsening soundness, OJK will immediately inform the Bank of Indonesia to take steps in accordance with the authority of Bank Indonesia.

Article 42

LPS can conduct an examination of the related bank in accordance with its functions, duties and authority, and coordinate in advance with the OJK.

Article 43

OJK, Bank Indonesia, and the Deposit Insurance Corporation (LPS) shall establish and maintain an integrated means for information exchanges.

Part Two
Coordination Protocol

Article 44

(1) To maintain the stability of the financial system, set up the Financial System Stability Forum Coordination with members consisting of:

a. Minister of Finance as member, concurrently as coordinator;
b. Governor of Bank Indonesia as a member;
c. Chairman of the Board of Commissioners OJK as member; and
d. Chairman of the Board of Commissioners as a member of the LPS.

(2) Coordination of Financial System Stability Forum assisted by secretariat that is chaired by an echelon I official at the Ministry of Finance.

(3) Decision-making in the meeting of the Coordination Forum of Financial System Stability is based on consultation and consensus.

(4) In the case of deliberation to reach a consensus as referred to in paragraph (3) fails, then the decision-making is done by a majority vote.

Article 45

(1) In normal conditions, the Coordination Forum of Financial System Stability shall:
   a. conduct monitoring and evaluation of financial system stability;
   b. conduct meetings at least 1 (one) time in 3 (three) months;
   c. make recommendations to each member to take action and / or create policies to maintain financial system stability, and
   d. exchange information.

(2) In abnormal conditions for the prevention and handling of the crisis, where the Minister of Finance, the Governor of Bank Indonesia, Chairman of the Board of Commissioners OJK, and / or Chairman of the Board of Commissioners LPS that indicate a potential crisis or a crisis has occurred in the financial system, each may propose immediate meeting to the Coordination Forum for Financial System Stability to decide the measures of prevention or crisis management.

(3) The Minister of Finance, the Governor of Bank Indonesia, Chairman of the Board of Commissioners OJK, and Chairman of the Board of Commissioners of LPS are authorized to take and implement decisions for and on behalf of the institution he represents in the context of Coordination of Financial System Stability Forum’s decision making in abnormal conditions as referred in paragraph (2).

(4) Coordination of Financial System Stability Forum shall formulate and implement policies that are needed in order to prevent and handle crises in the financial system in accordance with their respective authorities.

(5) The decision of the Financial System Stability Forum Coordination associated with the completion and handling of a bank failure, is suspected to bring systemic impacts that bind LPS.
Article 46

(1) Coordination Forum for Financial System Stability Policy related to state finances must be filed for approval by the House of Representatives.

(2) Decisions of the House of Representatives shall be determined within a period of 24 (twenty four) hours from the submission of the approval referred to in paragraph (1) is received by the House of Representatives.

Part Three
International Relations

Article 47

(1) OJK may cooperate with Financial Service Institutions Authorities in other countries and international organizations and other international agencies, among others, on the field and / or activities as follows:
   a. institutional capacity building including training of human resources in the field of regulation and supervision of Financial Services Institutions;
   b. information exchange; and
   c. cooperation in the framework of the examination and investigation and prevention of crime in the financial sectors.

(2) OJK could become a member of international financial service authority organizations.

(3) In the case of approval of international agreements in the financial services sector brings legal consequences and impact on the national financial system, OJK must obtain confirmation from the House of Representatives.

(4) OJK may cooperate and provide assistance in the framework of the examination and investigation conducted by the supervisory authority of the Financial Services Institutions of other countries based on a written request.

(5) The cooperation and assistance in the framework of the examination and investigation as referred to in paragraph (4) could be executed if:
   a. Financial Services Institution supervisory authority of the other countries have reciprocal agreements of cooperation with the OJK; and
b. implementation of the cooperation and assistance is not contradictory to public interest.

(6) The cooperation and assistance in the framework of the investigation as referred to in paragraph (4) could be executed if:

a. Financial Services Institution supervisory authority of the other countries have reciprocal agreements of cooperation with the OJK; and

b. implementation of the cooperation and assistance is conducted in accordance with the provisions of legislation in the field of mutual cooperation in criminal matters.

Article 48

All forms of international cooperation, including in the areas of regulation, supervision, and investigation, shall be based on the principle of balanced reciprocity.

CHAPTER XI
INVESTIGATION

Article 49

(1) In addition to officials of the Republic of Indonesia National Police Investigators, certain Civil Servants whose scope of duties and responsibilities include overseeing financial services within OJK, are given special authority as investigators as referred to in the Book of the Criminal Code.

(2) Civil servants referred to in Article 27 paragraph (2) could be appointed as Civil Servant Investigators as referred to in paragraph (1).

(3) Civil Servant Investigators as referred to in paragraph (1) are authorized:

a. to receive reports, notices, or complaints from individuals concerning a criminal act in the financial services sector;

b. to examine the truth in reports or information relating to criminal offenses in the financial services sector;

c. to conduct examination on any person suspected of committing or engaging in criminal acts in the financial services sector;
d. to summon, to examine, and to request information and evidence from every person suspected of having committed, or as a witness in a criminal offense in the financial services sector;

e. to conduct examination of book keepings, records and other documents relating to criminal offenses in the financial services sector;

f. to search at any given place alleged any bookkeeping evidences, records and other documents and confiscate goods that can be used as evidence in criminal cases in the financial services sector;

g. to inquiry data, documents, or other evidence, both printed and electronic to telecommunications service providers;

h. in particular circumstances, require the appropriate authorities to take precautions against those who are suspected of committing criminal offenses in the financial services sector, in accordance with the regulatory provisions;

i. to request assistance of other law enforcement officers;

j. to request information from banks about the financial conditions of the parties suspected of committing or involved in the alleged conduct or violation of laws and regulations in the financial services sector;

k. to block account with a bank or other financial of the parties suspected of committing or involved in the alleged conduct or violation of laws and regulations in the financial services sector;

l. to ask for expert assistance in exercising of the duties of investigation of criminal offenses in the financial services sector; and

m. to state when the investigation begins and ceases.

Article 50

(1) Civil Servant Investigators as referred to in Article 49 shall present the results of investigations before the Attorney for prosecution purposes.

(2) Attorney shall follow up and decide on appropriate follow-up results of the investigation in accordance with his authority, within not more than 90 (ninety) days of receipt of the results of the investigation as referred to in paragraph (1).

Article 51
Civil Servants employed in the OJK could only be withdrawn from the position with minimum 6 (six) months notice prior to withdrawal and the individual shall not be handling cases at the moment.

(2) Civil Servant Investigators are required to cooperate with relevant agencies.

CHAPTER XII
PENALTY PROVISIONS

Article 52

(1) Any individual who violates the provisions of Article 33 paragraph (1), paragraph (2), and / or paragraph (3), shall be punished with imprisonment of up to 6 (six) years and a fine of up to Rp15.000.000.000 , 00 (fifteen billion rupiah).

(2) If the violation of the provisions of Article 33 paragraph (2) and / or paragraph (3) is perpetrated by a corporation, it shall be punished by a fine of up to Rp45.000.000.000, 00 (forty-five billion rupiah) and / or by the amount of loss incurred by the violation.

Article 53

(1) Any person who intentionally ignores, does not meet, or impedes the exercise of authority OJK as referred to in Article 9 letter c, letter d, letter e, letter f, letter g, and / or Article 30 paragraph (1) letter a, shall be punished with imprisonment of up to 2 (two) years and fined of at least Rp. 5.000.000.000, 00 (five billion rupiahs) or a maximum imprisonment of up to 6 (six) years and a fine of maximum Rp15.000.000.000, 00 (fifteen billion rupiah).

(2) If a violation referred to in paragraph (1) is perpetrated by a corporation, it shall be punished with a fine of at least Rp15.000.000.000, 00 (fifteen billion rupiah) or at most Rp45.000.000.000, 00 (forty-five billion rupiahs).

Article 54

(1) Any person who intentionally ignores and / or implements written order referred to in Article 9 letter d or statutory duty to use manager referred to in Article 9 letter f, shall be punished with imprisonment of at least 2 (two) years and a criminal fine of at least
5.000.000.000, 00 (five billion rupiahs) or a maximum imprisonment of 6 (six) years and a fine of up to Rp15.000.000.000, 00 (fifteen billion rupiah).

(2) If the violation referred to in paragraph (1) is perpetrated by a corporation, the corporation shall be liable to a fine of at least Rp15.000.000.000, 00 (fifteen billion rupiah) or at most Rp45.000.000.000, 00 (forty-five billion rupiahs).

Chapter XIII
TRANSITIONAL PROVISIONS

Article 55

(1) As of December 31, 2012, the functions, duties, as well as regulatory and supervisory authority of financial services activities in the sectors of Capital Markets, Insurance, Pension Funds, Financing Institutions, and Other Financial Services Institutions are transferred from the Minister of Finance and Capital Market and Financial Institutions Supervisory Agency (BAPEPAM-LK) to OJK.

(2) As of December 31, 2013, the functions, duties, as well as regulatory and supervisory authority of financial services activities in the banking sector are transferred from Bank Indonesia to OJK.

Article 56

(1) Within a maximum of 8 (eight) months following the promulgation of this Law, the President appoints and establishes members of the Board of Commissioners for the first time with the arrangement referred to in Article 10 paragraph (4) in accordance with the procedure stipulated in Article 11 paragraph (1), paragraph (3) through paragraph (9), Article 12 paragraph (1) through paragraph (3) and paragraph (6), Article 13 and Article 14.

(2) Members of the Board of Commissioners as referred to in paragraph (1) shall be appointed for a term of 5 (five) years.

(3) No later than 60 (sixty) days following the promulgation of this Law, the President forms the Selection Committee to nominate candidates for the Board of Commissioners for the first time with the membership as referred to in Article 11 paragraph (3).
(4) The House of Representatives vote for candidate members of the Board of Commissioners according to the required number of members of the Board of Commissioners, no later than 30 (thirty) days after the names of candidates have been received from the President.

(5) Selected candidates for the Board of Commissioners are presented by the House of Representatives to the President no later than 7 (seven) days from the completion of the selection process as referred to in paragraph (4).

Article 57

(1) Since the enactment of this Law until the establishment of members of the Board of Commissioners as referred to in Article 56 paragraph (1), the Ministry of Finance assisted by Bank Indonesia prepare:
   a. organizational structure, duties and functions, design and construction of infrastructure and information technology, human resource systems, and standard operating procedures;
   b. work plan and budget for fiscal year 2013;
   c. OJK officers and employees;
   d. officers and employees of the Board of Commissioners’ supporting organs; and
   e. other necessary matters in order to transfer the functions, duties, and regulatory and supervisory authority of financial services activities in the sector of financial services from Bank Indonesia, the Minister of Finance, and Capital Market and Financial Institution Supervisory Agency to OJK.

(2) Ministry of Finance presents the results of the preparations as referred to in paragraph (1) to the Board of Commissioners of OJK to be established.

Article 58

Not more than 7 (seven) months after the promulgation of this Law, each of the Governor of Bank Indonesia and the Minister of Finance proposes candidates for the Ex-officio members of the Board of Commissioners, from Bank Indonesia as referred to in Article 10 paragraph (4) letter h and from the Ministry of Finance as referred to in Article 10 paragraph (4) letter i, to the President to be appointed and established as members of the Board of Commissioners.

Article 59
From the appointment of members of the Board of Commissioners as referred to in Article 56 paragraph (1) until the transfer of functions, duties and authority as referred to in Article 55, the Board of Commissioners:

a. establish organizational structure, duties and functions, the design and structure of infrastructure and information technology, human resource systems, and standard operating procedures;
b. Establish OJK work plan and budget for fiscal year 2013;
c. Appoint OJK officers and employees;
d. Appoint officers and employees of Board of Commissioners’ supporting organs; and
e. organize other necessary matters in order to transfer the functions, duties, as well as regulatory and supervisory authority of financial services activities in the sector of financial services from Bank Indonesia, the Minister of Finance, and Capital Market and Financial Institution Supervisory Agency to OJK.

Article 60

(1) Within a maximum of 1 (one) month after the appointment of members of the Board of Commissioners as referred to in Article 56 paragraph (1), the Board of Commissioners form a transition team in coordination with the Minister of Finance and Governor of Bank Indonesia.

(2) The Minister of Finance and the Governor of Bank Indonesia propose members of the transition team to the Board of Commissioners within a maximum of 14 (fourteen) days upon receiving the request letter for transition team members from the Board of Commissioners.

(3) Board of Commissioners establishes a transition team based on the recommendation from the Minister of Finance and Governor of Bank Indonesia.

Article 61

(1) The transition team as referred to in Article 60 paragraph (1) have the duty to assist the smooth implementation of the duties of the Board of Commissioners as referred to in Article 59.

(2) In performing its duty, the transition team is authorized to identify and verify the assets, infrastructure, information, documents, and others related to the regulation and
supervision of the Financial Services Institutions and arrange for the transfer of those items to OJK.

(3) The transition team is required to report the implementation of its duties and authority as referred to in paragraph (1) and paragraph (2) to the Minister of Finance, the Governor of Bank Indonesia, and the Chairman of the Board of Commissioners of OJK.

(4) The Minister of Finance, the Governor of Bank Indonesia, the transition team, or officers and employees in the Ministry of Finance and Bank Indonesia who are related to the functions, duties, and regulatory and supervisory authority of the Financial Services Institutions, are required to assist the implementation of the duties of the Board of Commissioners as referred to in Article 59.

(5) The Governor of Bank Indonesia, the Minister of Finance, and / or Chairman of the Board of Commissioners of OJK report the progress of transferring the functions, duties and authority from Bank Indonesia, Ministry of Finance, and Capital Market and Financial Institutions Supervisory Agency to the OJK at least 1 (one) time every 3 (three) months to the House of Representatives.

Article 62

No later than 2 (two) months since the appointment of members of the Board of Commissioners as referred to in Article 56 paragraph (1), the Board of Commissioners establishes the OJK organizational structure, duties and functions, standard operating procedures, and design of infrastructure.

Article 63

(1) At least 3 (three) months prior to the transfer of functions, duties and authority as referred to in Article 55, the Chairman of the Board of Commissioners submits a written request of the proposed names of officers and employees to the Governor of Bank Indonesia and the Minister of Finance to be transferred or employed under the OJK.

(2) At least 2 (two) months before the transfer of functions, duties and authority as referred to in Article 55, the Governor of Bank Indonesia and the Minister of Finance propose the names of officers and employees of Bank Indonesia and Ministry of Finance, as requested by the Chairman of the Board of Commissioners, to be transferred to or employed under OJK.
(3) To meet the needs of OJK, in addition to officers and employees as referred to in paragraph (2), the Board of Commissioners conducts an open recruitment for officers and employees.

(4) At least 1 (one) month before the transfer of functions, duties and authority as referred to in Article 55, the Board of Commissioners decides the officers and employees recruited by OJK.

Article 64

(1) As from the transfer of functions, duties and authority as referred to in Article 55:
   a. officers and / or employees of the Capital Market and Financial Institution Supervisory Agency; and
   b. officers and / or employees of Bank Indonesia who carry out the functions, duties and regulatory and supervisory authority of the banking sector, as referred to in Article 63 paragraph (4) are transferred to be employed under the OJK.

(2) The officers and / or employees transferred and employed under OJK as referred to in paragraph (1) are required to work for OJK for at least:
   a. 1 (one) year for the officers and / or employees who come from the Capital Market and Financial Institution Supervisory Agency; and
   b. 3 (three) years for officers and / or employees from Bank Indonesia.

(3) Officers and / or employee referred to in paragraph (2) are required to determine their choice of status, as officers and / or employees of OJK or:
   a. as officers and / or employees of the Ministry of Finance, within a maximum of 3 (three) months after the transfer of functions, duties and authority referred to in Article 55, for the officers and / or employees who come from the Capital Market and Financial Institution Supervisory Agency; and
   b. as officers and / or employees of Bank Indonesia, within a maximum of 2 (two) years after the transfer of functions, duties and authority referred to in Article 55, for the officials and / or employees who come from Bank Indonesia.

(4) Officers and / or employees referred to in paragraph (1) and officers and / or employees of OJK as referred to in paragraph (3) are granted their entitlements in accordance with OJK regulations, not less than what they have already received prior to and during the transfer process.

Article 65
As from the transfer of functions, duties and authority as referred to in Article 55:

a. assets and documents that are owned and/or used by Bank Indonesia in implementing its functions, duties and regulatory and supervisory authority in the banking sector; and

b. State assets and documents that are owned and/or used the Ministry of Finance and the Capital Market and Financial Institution Supervisory Agency in the implementation of the functions, duties, and authority in the regulation and supervision of the Capital Markets, Insurance, Pension Funds, Financing Institutions, and Other Financial Services Institutions, can be used by OJK.

The use of assets, state assets, and the documents referred to in paragraph (1) is determined by a joint decision or the decision of the Minister of Finance, the Governor of Bank Indonesia, and the Chairman of the Board of Commissioners, which should be made at least 1 (one) month prior to the transfer of functions, duties, and authority as referred to in Article 55.

Article 66

(1) Since the promulgation of this Law until the transfer of functions, duties and authority as referred to in Article 55:

a. Bank Indonesia continues to perform its functions, duties and regulatory and supervisory authority of financial services activities in the banking sector; and


(2) Bank Indonesia, the Minister of Finance, and Capital Market and Financial Institution Supervisory Agency are to submit a report on the implementation of the functions, duties and authority as referred to in paragraph (1) to the OJK.

(3) Costs of the execution of such functions, duties and authority as referred to in paragraph (1), are covered by:

a. Bank Indonesia for the implementation of the functions, duties, and regulatory and supervisory authority in the banking sector; and
b. The State Budget for the implementation of the functions, duties, and regulatory and supervisory authority in the sectors of Capital Markets, Insurance, Pension Funds, Financing Institutions, and Other Financial Services Institutions.

(4) OJK’s work plan and budget as from the promulgation of this Act until the transfer of functions, duties, and regulatory and supervisory authority of financial services sector to the OJK as referred to in Article 56, are covered with the budgets of the Capital Market and Financial Institution Supervisory Agency, the Ministry of Finance and / or Bank Indonesia.

Article 67

(1) Decisions on granting business licenses, individual licenses, effective registration statement, registered-license statement, approval of business activities, validation, and approval or determination of the dissolution, and every decision that has been stipulated by Bank Indonesia, Ministry of Finance, and the Capital Markets and Financial Institutions Supervisory Agency based on the legislations in the financial services sector before the transfer of functions, duties and authority as referred to in Article 55, remain in force.

(2) Applications for business licenses, individual licenses, effective registration statement, registered-license statement, approval of business activities, validation, and approval or determination of the dissolution, as well as other validation applications that are currently in progress within Bank Indonesia, Ministry of Finance, and Capital Markets and Financial Institutions Supervisory Board based on the legislation in the financial services sector, since the transfer of functions, duties and authority as referred to in Article 55, are continued by OJK.

Article 68

as from the transfer of functions, duties and authority as referred to in Article 56 55, examination and / or investigation being conducted by Bank Indonesia, the Ministry of Finance and Capital Market and Financial Institution Supervisory Board, are continued by OJK.
(1) Functions, duties, and authority of Bank Indonesia as referred to in:
   a. Article 8 letter c, Article 24, Article 25, Article 26, Article 27, Article 28, Article 29, Article 30, Article 31, Article 32 and Article 33 of Law No. 23 of 1999 concerning Bank Indonesia, as amended several times last amended by Law No. 6 of 2009 concerning the Government Regulation in lieu of Law Number 2 Year 2008 regarding Second Amendment to Law No. 23 of 1999 (State Gazette of the Republic of Indonesia Year 2009 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 4962);
   b. Article 6, Article 7, Article 8, Article 11, Article 12, Article 13, Article 16, Article 18, Article 19, Article 20, Article 22, Article 27, Article 28, Article 29, Article 30, Article 31, Article 31A, Article 33, Article 34, Article 35, Article 36, Article 37, Article 37A, Section 38, Article 41, Article 41A, Section 42, Article 44, Article 52 and Article 53 of Law No. 7 of 1992 concerning Banking as amended by Act No. 10 of 1998 concerning Amendment to Law Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Year 1998 Number 182, Supplement to State Gazette of the Republic of Indonesia Number 3790);
   c. Article 1 item 15, Article 5, Article 6, Article 8, Article 9, Article 10, Article 11, Article 16, Article 17, Article 20, Article 21, Article 22, Article 26, Article 27, Article 28, Article 29, Article 30, Article 31, Article 32, Article 33, Article 34, Article 35, Article 37, Article 38, Article 40, Article 42, Article 43, Article 46, Article 50, Article 51, Article 52, Article 53, Article 54, Article 56, Article 57 and Article 58 of Law Number 21 Year 2008 concerning Islamic Banking (State Gazette of the Republic of Indonesia Year 2008 Number 94, Additional State Gazette of the Republic of Indonesia Number 4867); turn into functions, tasks, and authority of OJK as of the transfer of such functions, duties and authority as referred to in Article 55 paragraph (2).

(2) With the transfer of functions, duties and authority as referred to in Article 55 paragraph (2), the Banking Supervisory Board as referred to in Law Number 24 Year 2004 regarding the Deposit Guarantee Institution (State Gazette of the Republic of Indonesia
Year 2004 Number 96, Supplement Republic of Indonesia Number 4420) as amended by Act Number 7 Year 2009 regarding Stipulation of Government Regulation in lieu of Law Number 3 Year 2008 regarding Amendment to Law Number 24 Year 2004 concerning the LPS becomes Law (State Gazette of the Republic Indonesia Year 2009 Number 8, Supplement to State Gazette of the Republic of Indonesia Number 4963), is the OJK.

(3) Since the promulgation of this Law, the functions, duties, and authority of the Coordinating Committee as referred to in Law Number 24 Year 2004 regarding the Deposit Guarantee Institution (State Gazette of the Republic of Indonesia Year 2004 Number 96, Supplement to State Gazette of the Republic of Indonesia Number 4420) as amended by Law Number 7 Year 2009 regarding Stipulation of Government Regulation in Lieu of Law Number 3 Year 2008 regarding Amendment to Law Number 24 Year 2004 concerning the LPS Become Law (State Gazette of the Republic of Indonesia Year 2009 Number 8, Republic of Indonesia Number 4963) are implemented by the Coordination Forum for Financial System Stability as defined in this Law.

(4) The provisions concerning the coordination protocol referred to in Article 44, Article 45 and Article 46 apply until the promulgation of laws on the financial system safety net.

Article 70

At the time the Act comes into force:

1. Act No. 2 of 1992 on Insurance Business (State Gazette of the Republic of Indonesia Year 1992 Number 13, Supplementary to State Gazette of Republic of Indonesia Number 3467) and its implementing regulations;

2. Act No. 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Year 1992 Number 31, Supplementary to State Gazette of Republic of Indonesia Number 3472) as amended by Act No. 10 of 1998 concerning Amendment to Law Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Year 1998 Number 182, Republic of Indonesia Number 3790) and its implementing regulations;

3. Law Number 11 Year 1992 on Pension Fund (State Gazette of the Republic of Indonesia Year 1992 Number 37, Supplementary to State Gazette of the Republic of Indonesia Number 3477) and its implementing regulations;

4. Law Number 8 Year 1995 concerning Capital Market (State Gazette of Indonesia Year 1995 Number 64, Supplementary State Gazette of Republic of Indonesia Number 3608) and its implementing regulations;
5. Act No. 23 of 1999 concerning Bank of Indonesia as amended by Law No. 6 of 2009 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 Year 2008 regarding Second Amendment Act No. 23 of 1999 (State Gazette of Republic of Indonesia Year 2009 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 4962) and its implementing regulations;

6. Law Number 21 Year 2008 concerning Islamic Banking (State Gazette of the Republic of Indonesia Year 2008 Number 94, the Republic of Indonesia State Gazette Number 4867) and its implementing regulations, and

7. other laws and regulations in the financial services sector, remain valid as long as they are do not contradict to and have not been replaced by this Act.

Article 71

This Law shall come into force on the date of promulgation.

For public cognizance, it is ordered that this Act be published in the Gazette of the Republic of Indonesia.

Ratified in Jakarta
On November 22nd, 2011

PRESIDENT OF THE REPUBLIC OF INDONESIA,
DR. H. SUSILO BAMBANG YUDHOYONO

Promulgated in Jakarta
On November 22nd, 2011

MINISTER OF JUSTICE AND HUMAN RIGHTS
REPUBLIC OF INDONESIA,

AMIR SYAMSUDIN

THE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2011 NUMBER 111
EXPLANATION THE DRAFT LAW OF THE REPUBLIC OF INDONESIA
NUMBER 21 YEAR 2011
CONCERNING
FINANCIAL SERVICES AUTHORITY

I. GENERAL
In order to realize the national economy that is able to grow in stable and sustainable manner, creating vast and balance employment opportunities across all sectors of the economy, as well as providing welfare equitably to all people of Indonesia then the national economic development programs should be implemented in a comprehensive way and able to govern the operations of the national economy that reaches and touches broadly to the whole real sectors of Indonesian economy. National economic development programs should also be implemented in a transparent and accountable manners, guided by the principles of economic democracy as mandated by the Pancasila and the 1945 Constitution of the Republic of Indonesia. To achieve these goals, national economic development programs need to be supported by good governance that continuously reforms the system of each component in the national economy. The important component in the national economic system in question is the entire financial system and financial services activities of intermediation function for a variety of productive activities in the national economy. Intermediation function organized by various financial institutions, in its development has contributed significantly in providing funds for financing the development of national economy. Therefore, the State always gives serious attention to the development activities of the financial services sector, by pursuing the establishment of the regulatory framework and supervision of the financial services sector that is integrated and comprehensive.

The process of globalization in the financial system and the rapid advances in information technology and financial innovation has created a financial system that is very complex, dynamic, and mutually inter-related sub-sectors in terms of both financial and institutional products. In addition, a financial services institution that has a relationship of ownership in various financial subsectors (conglomerate) has added to the complexity of the transaction and interaction among institutions of financial services in the financial system.
The number of cross-cutting issues in the financial services sector, which includes acts of moral hazard, not optimal protection of consumer financial services, and disruption of the stability of the financial system increasingly pushing the need for the establishment of supervisory institutions in an integrated financial services sector.

In connection with the foregoing, it is necessary realignment of organizational structure of the institutions which carry out the task of regulation and supervision in the financial services sector which includes the sectors of banking, capital markets, insurance, pension funds, financial institutions, and other financial institutions. The arrangement is done in order to achieve more effective coordination mechanism in dealing with problems that arise in the financial system so as to better ensure financial system stability. Regulation and supervision of the overall activities of financial services should be integrated.

In addition to previous considerations, the Act No. 23 of 1999 concerning Bank of Indonesia as amended several times, most recently by Act No. 6 of 2009 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 Year 2008 regarding Second Amendment Act No. 23 of 1999 concerning Bank of Indonesia Becoming Law, also mandates the establishment of the financial services sector oversight agency that includes banking, insurance, pension funds, securities, venture capital and finance companies, as well as other agencies that organize the management of public funds. Supervision of the financial services sector institutions mentioned above is essentially an independent agency in performing its duties and its position outside the government. This institution is obliged to submit reports to the Audit Board and the House of Representatives.

An independent financial services sector in this Act referred to the Financial Services Authority. Law on the Financial Services Authority basically contain provisions concerning the organization and governance (governance) of the institutions that have authority regulation and supervision of the financial services sector. While the provisions on the types of financial products, the scope and limits the activities of financial institutions, qualifications and criteria for financial institutions, levels of health and prudential regulation and provision of services supporting the financial services sector and other related financial services transactions provided for in separate sectoral laws, namely the Law on Banking, Capital Markets, Insurance Business, Pension Funds, and other laws and regulations relating to other financial services sectors.

Financial Services Authority was formed with the objective that the overall activity of financial services in the financial services sector was held on a regular basis, fair,
transparent, and accountable, and able to realize the financial system that grows in a sustainable and stable, and able to protect the interests of consumers and society. With this objective, OJK is expected to support the interests of national financial services sector so as to enhance national competitiveness. In addition, the OJK should be able to maintain its national interests, among other things, including human resources, management, control, and ownership in the financial services sector, with due consideration of positive aspects of globalization.

Financial Services Authority is formed and based on the principles of good governance, which includes independence, accountability, accountability, transparency, and fairness (fairness).

Institutionally, the Financial Services Authority outside of the Government, which means that the Financial Services Authority does not become part of the power of the Government. However, it does not rule out the existence of elements of representative government because essentially the Financial Services Authority is an authority in the financial services sector has strong relationships and linkages with other authorities, in this case the fiscal and monetary authorities. Therefore, the institutions involve representation of the elements of both these authorities are ex-officio. Ex-officio existence is meant to ensure coordination, cooperation, and harmonization of policies in the areas of fiscal, monetary, and financial services sector. Ex-officio existence is also necessary to ensure the maintenance of national interests within the framework of global competition and international agreements, the need for coordination, and exchange information in order to preserve and maintain financial system stability.

To achieve coordination, cooperation, and harmonization of good policy, the Financial Services Authority must be part of the system of government affairs organization that interact well with state agencies and other governments in achieving the goals and ideals of the independence of Indonesia that are listed in the constitution of the State Unitary Republic of Indonesia.

The independence of the Financial Services Authority's leadership is reflected in the Financial Services Authority. In an individual, head of the Financial Services Authority has the certainty of tenure and cannot be dismissed, unless the reason meets expressly stipulated in this Law. In addition, to gain leadership of the Financial Services Authority the right, the Act regulates the selection mechanism is transparent, accountable, and involving public participation through a selection committee whose elements consists of
Government, Bank of Indonesia, and the financial services sector. Financial Services Authority carry out its duties and authorities based on the following principles:

1. principles of independence, ie independent in decision-making and implementation functions, duties and authority of the OJK, fixed in accordance with legislation in force;
2. principle of legal certainty, that principles of state law that gives priority to the foundation of legislation and justice in any implementation of the Financial Services Authority policy;
3. principle of public interest, namely the principle of defending and protecting the interests of consumers and communities and promote the general welfare;
4. principles of openness, namely the principle of opening up to the right of people to obtain correct, honest, and does not discriminate on the administration of the Financial Services Authority, with due regard to protection of personal and group rights, as well as state secrets, including confidential as defined in regulations and regulations;
5. principles of professionalism, namely the principle that promotes expertise in carrying out the duties and authority of the Financial Services Authority, with a fixed based on the code of ethics and regulatory provisions;
6. principles of integrity, ie, who clings to the principle of moral values in every action and decision taken in implementation of the Financial Services Authority; and
7. principles of accountability, namely the principle which determines that each activity and the end result of each activity implementation the Financial Services Authority should be accountable to the public.

In line with the principles of governance and the principles above, the Financial Services Authority should have a structure with the principle of "checks and balances". This is manifested by a clear separation between the functions, duties, and authority regulation and supervision. Functions, duties and regulatory authority and oversight conducted by the Board of Commissioners through a clear division of tasks for the achievement of the Financial Services Authority. Duties of the Board of Commissioners includes the field-related tasks the code of ethics, internal control through the mechanism of the board of audit, education and consumer protection, as well as the functions, duties, and
supervisory authority for the sector Banking, Capital Markets, Insurance, Pension Funds, Financing Institutions, and Financial Services Institutions other. Based on the conceptual background and aspects are then formed the Law on the Financial Services Authority.

II. ARTICLE BY ARTICLE
Article 1
Self-explanatory
Article 2
Self-explanatory
Article 3
Self-explanatory
Article 4
With this objective, OJK is expected to support the interests of national financial services sector so as to enhance national competitiveness. In addition, the OJK should be able to maintain the national interests, among others, including human resources, management, control, and ownership in the financial services sector, with due consideration of positive aspects of globalization.

Letter a
Self-explanatory
Point b
Self-explanatory
Letter c
What is meant by "protecting the interests of consumers and communities" includes protection against abuse and crime in the financial sector such as manipulation and various forms of fraud in financial services activities.

Article 5
Self-explanatory
Article 6
Self-explanatory
Article 7
Regulation and supervision of institutional, health, aspects of prudence, and examination of bank is the scope of micro prudential regulation and supervision that are parts of OJK duties
and authority. The scope of regulation and macro prudential supervision, regulation and supervision in addition to the matters governed by this article, shall be the duty and authority of Bank of Indonesia. In order to macro prudential regulation and supervision, OJK assists Bank of Indonesia to conduct moral suasion to banks.

Article 8
Letter a
Self-explanatory
Point b
The term "legislation in the financial services sector" is the legislation regarding the Financial Services Agency and the party carrying on activities in the financial services sector.
Letter c
Self-explanatory
Letter d
Self-explanatory
Letter e
Self-explanatory
Letter f
What is meant by "written order" is an order in writing to perform or not perform certain activities in order to comply with laws and regulations in the financial services sector and / or prevent and reduce harm consumers, community, and financial services sector. Written instructions are given, among others, to replace the board or a particular party at the Financial Services Institutions, terminate, restrict, or improve business activities or transactions, stop or change the agreement between the Financial Services Institutions with other parties who allegedly harming consumers, communities, and financial services sector, and convey information, documents, and / or specific reports to the OJK.

Letter g
The term "statutory manager" refers to individuals or legal entities established to carry out the OJK authority.
Statutory manager carries out OJK’s authority, among others, to comply with laws and regulations in the financial services sector, prevent and reduce harm consumers, community, and financial services sector, and / or eradication of financial crimes committed by certain parties in the financial services sector.
Steps taken by statutory manager, among others, are through ensuring the survival of certain Financial Services Agency, taking over the entire authority and management functions of the Financial Services Institutions by the statutory manager, cancellation or termination of the agreement, as well as the transfer of property or business portfolio of the Financial Services Institutions.

Letter h
Self-explanatory
The Letter i
Self-explanatory
Article 9
Letter a
Self-explanatory
Point b
Board of Commissioners’ supervision on the implementation of Chief Executive’s tasks aims to evaluate and improve the performance of the Chief Executive. Supervision is not intended to give authority to the Board of Commissioners to intervene or to intervene against the performance of duties and authority of each Chief Executive.

Letter c
Self-explanatory
Letter d
Self-explanatory
Letter e
Self-explanatory
Letter f
Self-explanatory
Letter g
Self-explanatory
The Letter h
Self-explanatory

Article 10

Subsection (1)
Board of Commissioners is the highest leadership of the OJK. In the framework of cooperation with the authorities of financial institutions regulatory agencies in other countries and international organizations and other international institutions in the financial services sector, members of the Board of Commissioners act as officials representing the state.

Paragraph (2)
What is meant by "collective" is that any decision the Board of Commissioners shall be decided upon jointly by members of the Board of Commissioners. The term "collegial nature" is that any decision the Board of Commissioners shall be based on consultation and consensus, on the basis of equality and unity among members of the Board of Commissioners.

Paragraph (3)
Self-explanatory

Paragraph (4)
Letter a
Self-explanatory

Point b
Self-explanatory

Letter c
Chief Executive of Banking Supervisors leads the tasks of financial services supervision activities in the banking sector.

Letter d
Chief Executive of the Capital Market Supervisory leads the tasks of financial services supervision activities in the Capital Markets sector.

Letter e
Chief Executive Supervisor of Insurance, Pension Funds, Financing Institutions and Other Institutions Financial Services leads the task of supervision of financial services activities in the sectors of Insurance, Pension Funds, Financing Institutions, and Other Financial Services Institutions.
Paragraph (5)
Each member of the Board of Commissioners has the right to give an opinion in any
decision-making process the Board of Commissioners, and has voting rights at the time of the
decision determined by majority vote.

Article 11

Subsection (1)
In the submission of candidates list for the Board of Commissioners to the House of
Representatives, the President shall deliver the names of candidates for the Board of
Commissioners.

Referred to the House of Representatives is the House of Representatives fittings in charge of
finance and banking.

Paragraph (2)
Self-explanatory

Paragraph (3)
What is meant by " society elements " refers to academics in the financial services sector, the
banking industry, capital market industry, and / or Non-Bank Financial Industry which
includes Insurance, Pension Funds, Financing Institutions, and Other Financial Services
Institutions.
Paragraph (4)
In addition to the announcement to recruit members of the Board of Commissioners, the Selection Committee can actively look for candidates who meet the requirements and representation in accordance with the expertise in financial services sector supervised by OJK.

Paragraph (5)
Registration of candidates for members of the Board of Commissioners is conducted with due regard to the terms as set forth in this Act.

Subsection (6)
What is meant by "administrative selection" refers to the selection of candidates for the Board of Commissioners in accordance with the requirements referred to in this Act.

Paragraph (7)
Self-explanatory

Paragraph (8)
Self-explanatory

Paragraph (9)
What is meant by "3 (three) candidates for each member of the Board of Commissioners" is that in the nomination, selection committee shall submit 3 (three) candidates for each member of the Board of Commissioners with qualifications, expertise and experience of proportion in the financial services industry. For 7 (seven) members of the Board of Commissioners is required, the Selection Committee shall submit to the President as many as 21 (twenty one) candidates.

Article 12

Subsection (1)
In order to obtain 7 (seven) members of the Board of Commissioners required, the President shall submit to the House of Representatives for 14 (fourteen) candidates the Board of Commissioners.

Paragraph (2)

This provision only applies where there is a need to fill the position Chairman of the Board of Commissioners.

Paragraph (3)

This provision only applies where there is a need to fill the position Chairman of the Board of Commissioners and at least 1 (one) member of the Board of Commissioners.

Paragraph (4)

In order to select candidates for the Board of Commissioners, the House of Representatives may ask prospective members of the Board of Commissioners to make a presentation in the session of the House of Representatives regarding the vision, experience, skills or abilities, as well as matters relating to morality and moral members of the Board of Commissioners. What is meant by "45 (forty five) working days" does not include the recess.

Paragraph (5)

"Completion of the selection process of candidates for the Board of Commissioners" refers to since the enactment in the House of Representatives plenary session.

Subsection (6)
Self-explanatory
Article 13
Self-explanatory
Article 14
Self-explanatory
Article 15
Letter a
The meaning of "good character, morals, and integrity", among others, refers to never getting into the list of disgraceful people.

Members of the Board of Commissioners are not constrained by physical conditions which cause the permanently inability to carry out their duties properly.

What is meant by "have the experience or expertise in the financial services sector" is someone who has experience, knowledge, or sufficient expertise in the financial services sector.

The resignation of a member of the Board of Commissioners shall be effective from the date the resignation is approved by the President.
The term "permanent absence" refers to a physical disability and/or mental disabilities that do not allow the concerned carry out their duties properly. Dismissal of members of the Board of Commissioners because of physical disability and/or mental disability is established by Presidential Decree.

The definition of "medically expected" is medical estimation as evidenced by a written statement from a doctor stating that the member of the Board of Commissioners is concerned fails to execute the task more than 6 (six) consecutive months.

Letter e
What is meant by "no reason that can be accounted for" is the absence of strong reasons that cause members of the Board of Commissioners getting dismissed. Reasons that can be accounted for, among other things, may include illness as evidenced by a certificate of doctor who is appointed by Board of Commissioners, other assignments from the President outside OJK activities, or other activities in the interest of the country.

Letter F
Self-explanatory
Letter g
Self-explanatory
The Letter h
What is meant by "related by marriage" is a familial relationship by marriage, namely the relationship between one of the spouses and relatives of the other party.

The letter i
Violations of the code of conduct under this provision is categorized a severe violation and the Board of Commissioners shall report it to the House of Representatives.

Letter j
Self-explanatory
Paragraph (2)

Self-explanatory
Article 18
Subsection (1)
Paragraph (2) Self-explanatory.
Paragraph (3) "Remaining term for member of the Board of Commissioners who are dismissed in less than 1 (one) year" is the remaining term as of the date of dismissal of the concerned member.

Article 19
Subsection (1) Vice-Chairman who acts Chairman of the Board of Commissioners has the authority as the Chairman and Vice Chairman of the Board of Commissioners, but shall have 1 (one) vote.
Paragraph (2) Chairman who acts as caretaker Deputy Chairman of the Board of Commissioners has the authority as the Chairman and Vice Chairman of the Board of Commissioners, but shall have 1 (one) vote.
Paragraph (3) Member of the Board of Commissioners who acts as caretaker chairman and / or Vice Chairman of the Board of Commissioners has the authority as a member, Chairman, and / or Vice Chairman of the Board of Commissioners, but shall have 1 (one) vote.
Paragraph (4) Member of the Board of Commissioners who acts as caretaker of the members of the Board of Commissioners referred to under this paragraph, has the authority as a member of the Board of Commissioners temporarily, but shall have 1 (one) vote.

Article 20
Self-explanatory.

Article 21
Self-explanatory.

Article 22
Letter a
The definition of "prohibited from having a conflict of interest in the Financial Services Institutions supervised by OJK" refers to when the person serves as a member of the Board of Commissioners, he or she:

1) is not a board or equivalent committee member in the Financial Services Institutions, or is no longer a caretaker in such organization, marked by submission of written resignation letter
as a caretaker;

2) does not hold controlling and managing position at the Financial Services Institutions; and

3) is no longer a controller at the Financial Services Institutions, marked by releasing the control and management power in accordance with laws and regulations in the financial services sector.

Point b
If a person appointed as a member of the Board of Commissioners and the concerned person is an officer of implementing or professional organizations in the Financial Services Agency, the person must first be leaving office at the implementing or the professional organization at the Financial Services Institutions before he or she is set to be a member of the Board of Commissioners.

Letter c
If a person appointed as a member of the Board of Commissioners and the concerned person is involved, is one of the political party, he or she must first let go of the management positions in political parties before he or she is set to be a member of the Board of Commissioners.

Letter d
Given that a member of the Board of Commissioners has a very strategic task in the regulation and supervision of the financial services sector, members of the Board of Commissioners must act professionally and be loyal to the execution of his duty. However, based on task linkage and position, a member of Board of Commissioners can be concurrently a member of the office in certain institutions, such as positions in international organizations.

Article 23
Subsection (1)
Self-explanatory.

Paragraph (2)
In terms of family relationships occurred in 2 (two) or more members of the Board of Commissioners, only 1 (one) person can remain as a member of the Board of Commissioners.
Self-explanatory.

Article 24

Subsection (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Subsection (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Paragraph (8)

Minutes of the meeting at least contain the day and date of the meeting, leaders and participants of meetings, meeting agendas, and decisions of the meeting. Minutes of the meeting state the opinion of all participants of the meeting, both of which express consent, did not give consent, or no opinion on the matter was decided in the meeting, accompanied by reasons.

Paragraph (9)

Self-explanatory.

Article 25

Subsection (1)

Self-explanatory.

Paragraph (2)

Board of Commissioners appointed to represent OJK in, among others, the implementation of inter-agency cooperation and international relations.

"Other side" is an entity, agency, institution, or person, either from within or outside the OJK.

Paragraph (3)

Self-explanatory.

Article 26
Subsection (1)
What is meant by "forming an organization" includes establishing certain institutions to include support activities, development and coaching employees and retirees. For this purpose, OJK can cooperate with other institutions.
Paragraph (2)
The term "secretariat" refers to an organ under the Board of Commissioners which, among others, is in charge of general duties, finance, human resources, organizational, and institutional and community relations.
Supporting organ established by the Board of Commissioners is chaired or coordinated by a member of the Board of Commissioners based on meeting the Board of Commissioners. "Other organs" refers to, among others, remuneration committees, risk management committee, as well as information and communications technology committee.
Paragraph (3)
Self-explanatory.
Paragraph (4)
Self-explanatory.
Article 27
Subsection (1)
The definition of "officers and employees OJK" refers to fixed and employed officers and employees. Officials OJK hold the structural or functional positions in the agency, and consist of, among others, deputy commissioner, directors, and subordinate officers.
Paragraph (2)
To streamline the duties and responsibilities, OJK can employ public servants from other agencies or with any other status.
Public servants could work under employment or other status for the OJK in order to support the authority of the OJK in the field of inspection, investigation, or the duties of a special nature. Civil servants, among others came from the investigation authorities of civil servants and / or Investigator Police Officer. Rights and obligations of civil servants shall be synchronized with the rights and obligations of employees OJK.
Paragraph (3)
The definition of "employment" includes, among others, appointment, rank, career, remuneration system, termination, retirement age, Civil Service hiring procedures, and rights and duties of other officers and employees OJK.
Article 28
Self-explanatory.

Article 29
In order to offer consumer complaint resolution, OJK can perform verification and special examinations of complaints referred.

Article 30
Subsection (1)
Letter a
Self-explanatory.

Point b
Figures 1
What is meant by "bad faith" is not good faith based on the assessment OJK

Figures 2
Filing a lawsuit is based on the assessment of the OJK that offenses committed by one party against the legislation in the financial services sector resulted in material harm to consumers, society, or the financial services sector.

Paragraph (2)
The term "injured party" is the Consumer and / or the financial services industry because of violations of laws and regulations in the financial services sector. Compensation shall be provided in accordance with the values specified authorities.

Article 31
Self-explanatory.

Article 32
Subsection (1)
In line with good governance practices, OJK will formulate and implement a code of ethics.

Code of Conduct, that contain, among others, provisions regarding the prohibition to perform acts that are not commendable and general provisions regarding the behavior expected of members of the Board of Commissioners, officers, and employees of OJK. This code is evaluated periodically.

Enforcement of codes of conduct tailored to the level of office and authority of each member of the Board of Commissioners, officers, and employees OJK.

Violations of the code of ethics consists of 3 (three) categories of offenses, namely light, moderate and serious violations.

Paragraph (2)
Self-explanatory.
Article 33
Subsection (1)
What is meant by "secret" is something which according to laws and regulations must be kept secret.
Paragraph (2)
Self-explanatory.
Paragraph (3)
Every person who knows the information is confidential because of their position, for example, officials from the institutions that coordinate or cooperate with the OJK. Every person who knows the information is confidential because of their profession for example, auditors, appraisers, notaries, or actuary in the financial services industry.
Paragraph (4)
Self-explanatory.
Paragraph (5)
Regulation of the Board of Commissioners regarding the confidentiality, use and disclosure of information is determined with due regard to legislation.
Article 34
Subsection (1)
Self-explanatory.
Paragraph (2)
What is meant by "the person carrying on activities in the financial services sector" is the Financial Services Institutions and / or the individual person or entity conducting activities in the financial services sector. OJK financing should be prepared independently from levies to the parties conducting activities in the financial services sector. Determination of the amount of levy is made by taking into account the ability of the person carrying on activities in the financial services sector as well as OJK’s funding needs. However, OJK financing sourced from the State Budget is still required to meet the needs of the OJK when the levies from persons or parties conducting activities in the financial services industry has not been able to fund all operational activities independently, such as, in the early establishment of OJK.
Paragraph (3)
Self-explanatory.
Article 35
Subsection (1)
What is meant by "operational activities" is an activity of organizing the implementation of the functions, duties and authority of the OJK, among others, regulatory, supervisory, enforcement, education and consumer protection.
What is meant by "administrative activities" include activities of office, remuneration, education and training, organizational and human resources development.
The definition of "asset" is current fixed and liquid assets, including inventories, buildings, equipment and machinery, vehicles, office equipment, as well as information technology infrastructure.

Paragraph (2)
What is meant by "reasonable standards in the financial services sector" is the standard costs that are commonly used by the sector regulator of financial services or similar financial services sector, both domestically and internationally. This is done so that the OJK can balance the demands and dynamics of the financial services sector, both domestically and internationally.
What is meant by "standard common fee" is the standard of general expenses applicable to the Ministry and the Agency as set forth in laws and regulations relating to the State Budget. The definition of "remuneration", among others, is the system of income, insurance and pensions, allowances, severance pay, and reward achievement.

Paragraph (3)
Initial funding comes from the State Budget the amount and allocation based on the approval of the House of Representatives.
House of Representatives in this case fittings House of Representatives in charge of finance and banking.

Paragraph (4)
Self-explanatory.

Article 36
What is meant by "House of Representatives" are fittings House of Representatives in charge of finance and banking.

Article 37
Subsection (1)
What is meant by "charges" include charges for the cost of licensing, approval, registration, and validation, cost regulatory, supervisory, inspection, and research and securities trading transactions.
Levy is used to finance the OJK budget that is not financed under the National Budget Revenue and Expenditure. OJK levies are used to fund operations, administration and procurement of assets and other support activities for the adjustment of the costs referred to a reasonable standard in the financial services industry.

What is meant by "the person carrying on activities in the financial services sector" is the Financial Services Institutions and/or individuals or organizations performing activities in the financial services sector.

Paragraph (2)
Self-explanatory.
Paragraph (3)
Self-explanatory.
Paragraph (4)
Self-explanatory.
Paragraph (5)
Self-explanatory.
Subsection (6)
OJK prepares a draft Government Regulation which contains, among others, procedures for determining, the type, magnitude, time billing and payment of levies, fines and sanctions.

Article 38
Subsection (1)
Self-explanatory.
Paragraph (2)
OJK activity reports among others include:
a. execution of duties and responsibilities in the previous period.
b. plan policies, setting targets and measures performance of duties and authority of the OJK for the coming period.

Paragraph (3)
What is meant by "explanation" is the explanation regarding the conduct of the duties and authority of the OJK.

What is meant by "House of Representatives" are fittings House of Representatives in charge of finance and banking.
Paragraph (4)
Paragraph (5)
Self-explanatory.

Subsection (6)
OJK Reports is presented before the President and Council of Representatives, intended to explain the implementation of activities and performance during the ongoing year.

Paragraph (7)
Preparation of accounting standards and policies by OJK is conducted with due regard to generally accepted accounting principles.

Paragraph (8)
Self-explanatory.

Paragraph (9)
Self-explanatory.

Paragraph (10)
In order to prepare financial statements relating to financing from the State Budget, the Board of Commissioners should consider prevailing legislations.

Article 39
Procedures for coordination with Bank of Indonesia OJK arranged jointly by the OJK and Bank of Indonesia.

Letter a
Self-explanatory

Point b
Self-explanatory

Letter c
Self-explanatory

Letter d
The term "business activities of other banks" includes credit cards, debit cards and Internet banking.

Letter e
The definition of "systemically important bank" means a bank whose asset size, capital, and liabilities, broad network, or the complexity of the transaction on banking services and linkages with other financial sector can lead to partial or complete failure of other banks or
financial services sector, both operationally and financially, if the bank is experiencing disruption or failure.

Self-explanatory

Article 40
Subsection (1)
Basically the bank is authorized to check on the authority of the OJK. However, in the case of Bank of Indonesia carrying out the functions, duties, and authorities need information through examination of the bank, Bank of Indonesia may conduct direct examination of certain banks that enter systemically important banks and / or any other bank in accordance with the authority of Bank of Indonesia in the field of macro prudential.

For the smooth operation of the examination by Bank of Indonesia, the written notice referred to at least contains the objectives, scope, duration, and mechanisms of checks.

Paragraph (2)
An assessment of the soundness of the bank the authority of the OJK.

Paragraph (3)
Self-explanatory.

Article 41
Subsection (1)
Self-explanatory.

Paragraph (2)
What is meant by "appropriate measures authority of Bank of Indonesia" is the provision of short term financing facility in carrying out the functions of Bank of Indonesia as a lender of last resort. In carrying out the functions referred to, Bank of Indonesia may conduct an examination of the bank to give notice in writing to the OJK.

Article 42
Basically the bank is authorized to check on the authority of the OJK. In the case of LPS carrying out its functions, duties and authorities require bank checks activities, LPS can perform bank examinations and still coordinates with the OJK first.

The scope of inspection includes examination of the premium, the position of bank deposits, interest rates, bad debts and recorded, troubled banks, asset quality, and crime in the banking sector.

Article 43
In principle OJK build, maintain and develop information systems in accordance with the duties and authorities.

What is meant by "integrated" is that a system built by OJK, Bank of Indonesia, and the Deposit Insurance Corporation are connected to each other, so each institution can exchange information and access to banking information needed at any time (timely basis). Such information includes general and specific information about the bank, the bank's financial statements, bank examination report conducted by Bank of Indonesia, the Deposit Insurance Corporation or by OJK, and other information while maintaining confidentiality and consider the information in accordance with the provisions of the legislation.

Article 44
Subsection (1)
Minister of Finance, the Governor of Bank of Indonesia, Chairman of the Board of Commissioners OJK, and Chairman of the Board of Commissioners LPS each representing the Ministry of Finance, Bank of Indonesia, OJK, and LPS.

Paragraph (2)
The scope of work, resources, and secretarial budget agreed upon by every member of the Coordination Forum of Financial System Stability.

Paragraph (3)
Self-explanatory

Paragraph (4)
Decisions taken by the Coordination Forum of Financial System Stability binding on all members of the forum.

Article 45
Subsection (1)
Self-explanatory

Paragraph (2)
The definition of "crisis in the financial system" is a condition of the financial system that has failed to carry out effectively the functions and role in the national economy as indicated by the worsening economic and financial indicators including but not limited liquidity, solvency problems, and / or a decrease in public confidence financial system.

Paragraph (3)
Self-explanatory

Paragraph (4)
Self-explanatory
Paragraph (5)
The definition of "bank failure" is a bank that experienced financial difficulties and endanger the sustainability of its business and otherwise could not be more restored by OJK in accordance with its authority.

Article 46
Subsection (1)
The definition of "public finance" is the Budget of the State at the time of policy Coordination of Financial System Stability Forum is established and / or implemented.

What is meant by "House of Representatives" are fittings House of Representatives in charge of finance and banking.

Paragraph (2)
What is meant by "House of Representatives" are fittings House of Representatives in charge of finance and banking.

Submission of the approval given by the Minister of Finance as coordinator for the Coordination of Financial System Stability Forum to the House of Representatives, addressed directly to the Leadership fittings House of Representatives in charge of finance and banking, with a copy to the Leadership Council of Representatives. Letters received after the stated read at the plenary meeting fittings referred to the House of Representatives.

Article 47
Subsection (1)
OJK can cooperate among others with:

a. international organizations such as the International Organization of Securities Commissions (IOSCO), International Organization of Pension Supervisors (IOPS), the International Association of Insurance Supervisors (IAIS), the organization of international banking supervisors and regulators, and

b. international agencies such as the Asian Development Bank (ADB), World Bank, Islamic Development Bank (IDB), and the Financial Action Task Force on Money Laundering (FATF).

Paragraph (2)
Financing related to membership organizations is charged to OJK budget.

Paragraph (3)
International treaties that impact on the national financial system including international agreements that impact on national interests in the field of human resources, control, and ownership in the financial services sector.
What is meant by "House of Representatives" are fittings House of Representatives in charge of finance and banking.

Paragraph (4)
Self-explanatory

Paragraph (5)
Self-explanatory

Subsection (6)
Self-explanatory

Article 48
Self-explanatory

Article 49
Subsection (1)
Self-explanatory

Paragraph (2)
Self-explanatory

Paragraph (3)
Letter a
Self-explanatory

Point b
Self-explanatory

Letter c
Self-explanatory

Letter d
Self-explanatory

Letter e
Self-explanatory

F
Self-explanatory

Letter g
Self-explanatory

The h
Self-explanatory

The letter i
Self-explanatory

The term "law enforcement officers", among others, prosecutors, police and courts.
Letter j
Self-explanatory
The letter k
Self-explanatory
The letter l
Self-explanatory
The letter m
Self-explanatory
Article 50
Self-explanatory
Article 51
Subsection (1)
Self-explanatory.
Paragraph (2)
What is meant by "relevant agencies" includes prosecutors, police and courts.
Article 52
Self-explanatory
Article 53
Self-explanatory.
Article 54
Self-explanatory
Article 55
Self-explanatory
Article 56
Subsection (1)
Members of the Board of Commissioners are determined by Presidential Decree.
Paragraph (2)
The definition of "term of 5 (five) years" is the length of service term for member of the
Board of Commissioners who are not from the Board Ex-officio Commissioner of Finance
Ministry and Bank of Indonesia.
Paragraph (3)
The establishment of the Selection Committee established by Presidential Decree.
Paragraph (4)
In order to select candidates for the Board of Commissioners, the House of Representatives
may ask prospective members of the Board of Commissioners to make a presentation in the session of the House of Representatives regarding the vision, experience, skills or abilities, as well as matters relating to morality and moral members of the Board of Commissioners. What is meant by "30 (thirty) days" does not include the recess.

Paragraph (5)
What is meant by "completion of the selection process of candidates for the Board of Commissioners" is valid since the enactment in the House of Representatives plenary session.

Article 57
Subsection (1)
Letter a
Self-explanatory.
Point b
Self-explanatory.
Letter c
The definition of "officers and employees of OJK" are officers and employees of OJK transferred from Bank of Indonesia and the Capital Market Supervisory Agency and Financial Institution, the Ministry of Finance.
Letter d
Self-explanatory
Letter e
Self-explanatory

Paragraph (2)
Submission of the preparation is done immediately after the Board of Commissioners set. Board of Commissioners may conduct studies and refinement to the preparation in question.

Article 58
Self-explanatory

Article 59
Letter a
Self-explanatory.
Point b
Financing plan and budget OJK sourced from the State Budget.
Letter c
The definition of "officers and employees of OJK" are OJK officers and employees transferred from Bank of Indonesia and the Capital Market Supervisory Agency and
Financial Institution, the Ministry of Finance, and from an open recruitment.
Appointment of office employees conducted by the Decree OJK Board of Commissioners.

Letter d
Appointment of staff positions in Board of Commissioners’ supporting organ is conducted based upon the Decree of the Board of Commissioners.

Letter e
Self-explanatory

Article 60
Subsection (1)
Self-explanatory.
Paragraph (2)
Membership of the transition team from Bank of Indonesia and the Ministry of Finance is in balanced proportions based on the proposal the Governor of Bank of Indonesia and the Minister of Finance.
Paragraph (3)
Self-explanatory.

Article 61
Subsection (1)
Self-explanatory.
Paragraph (2)
In order to support the smooth implementation of its duties, the transition team may use other relevant parties at the expense of the transition team.
Paragraph (3)
Self-explanatory.
Paragraph (4)
Self-explanatory.
Paragraph (5)
What is meant by "House of Representatives" are fittings House of Representatives in charge of finance and banking.

Article 62
Self-explanatory

Article 63
Subsection (1)
The definition of "officers and employees" are officers and employees of Bank of Indonesia
and the Capital Market Supervisory Agency and Financial Institutions at the Ministry of Finance who are currently or experienced in handling the regulation and supervision of banking, capital markets and financial institutions as well as officers and employees who have qualified and adequate experience in the field of regulation and supervision of the financial services sector.

Paragraph (2)
Proposed name of the officers and employees who are transferred or hired from Bank of Indonesia and the Capital Market Supervisory Agency and Financial Institution, the Ministry of Finance is equipped with an adequate written statement of rank, class, position, field assignments, salary and benefits, education, experience, skills, goals, the recommended position, and other related information.

What is meant by "as requested by the Chairman of the Board of Commissioners" means the amount suitability, qualifications, experience, and target positions needed and requested Chairman of the Board of Commissioners.

Paragraph (3)
Recruitment of officers and employees began transparently since the enactment of the organizational structure, duties and functions, and infrastructure design OJK by the Board of Commissioners.

Paragraph (4)
Determination of officials and employees who are accepted by OJK does not mean that the concerned officials and employees are transferred or hired as OJK officers and employees. Officials and employees shall be stated as officers and employees of OJK after the appointment by the Board of Commissioners. Officials and employees who are determined for OJK are entitled to choose to become a permanent employee OJK.

Article 64
Subsection (1)
Determination of officials and employees of the OJK conducted by the Board of Commissioner Decision.

Paragraph (2)
Self-explanatory.

Paragraph (3)
Letter a
Determination of the 3 (three) months is intended to provide opportunity for OJK to conduct
the recruitment process to fill the vacancies of officers and employees who opt to remain with
the status as an employee of the Ministry of Finance.

Officials and employees who come from the Capital Market Supervisory Agency and
Financial Institution who opt to remain as officials and employees of the Ministry of Finance
is returned to the Ministry of Finance by the end of the first year.

Point b

Determination of period of 2 (two) years are meant to provide opportunity for OJK to
conduct the recruitment process to fill the vacancies of officers and
employees who still prefer the status as an employee of Bank of Indonesia.

Officers and employees from Bank of Indonesia who opt to remain as officers and employees
of Bank of Indonesia shall be returned to Bank of Indonesia at the end of the third year.

Paragraph (4)

What is meant by "right of officers and employees" includes the right to recognition of
employment, rank, pension, insurance, income, allowances and other rights in accordance
with the provisions of the legislation, which has become the right of employees concerned.

Since the officers and employees of Bank of Indonesia and the Capital Market Supervisory
Agency and Financial Institution are employed in the OJK, such officers and employees refer
to a standardized right under Regulation Board of Commissioners.

Rights of officers and employees after being transferred to OJK comply with the following
provisions:

a. Bank of Indonesia is still responsible for costs incurred to fulfill the rights of officers and
employees from Bank of Indonesia, for example: retirement, insurance and / or retirement
savings, in accordance with the applicable provisions in Bank of Indonesia.

b. Ministry of Finance remains responsible for the costs incurred to fulfill the rights of
officers and employees from the Ministry of Finance, for example: retirement, insurance and
/ or retirement savings, in accordance with regulations of the Ministry of Finance.

c. OJK is responsible for the costs incurred to meet the equal rights of officers and employees
from Bank of Indonesia and Ministry of Finance, in order to follow standardization rights for
officials and employees in the OJK.

Article 65
Subsection (1)
What is meant by "wealth" and "state property" includes buildings, vehicles, equipment and office supplies, and other infrastructure that is supporting the implementation of the regulation and supervision of the financial services sector.

The term "document" is data and information either in written or electronic form which are owned and/or used in the regulation and supervision of the financial services sector.

Wealth and documents the Bank of Indonesia, Ministry of Finance, and Capital Market Supervisory Agency and Financial Institution used OJK is the wealth and the documents used for the regulation and supervision of the financial services sector.

While wealth and documents used for banking regulation and supervision but also required by Bank of Indonesia in the framework of its operation, are used together.

What is meant by "use" is that it can be used, managed, and maintained by OJK.

Paragraph (2)
Collective decision or a decision of the Minister of Finance, the Governor of Bank of Indonesia and the Chairman of the Board of Commissioners, among others, decisions regarding the type of property, state property, and documents that can be used, the mechanism of the use, ownership status, and procedures for use together.

Article 66
Subsection (1)
Self-explanatory.

Paragraph (2)
This provision is intended so that the Board of Commissioners may perform the functions, duties, and authorities effectively at the time of the functions, duties, and authority is turned to the OJK from Bank of Indonesia, the Minister of Finance, and Capital Market Supervisory Agency and Financial Institution.

It is informed, among others, include:

a. implementation of regulatory and supervisory tasks in the sectors of Banking, Capital Markets, Insurance Business, Pension Funds, Financing Institutions, and Other Financial Services Institution;

b. current conditions and trends that will occur in Banking, Capital Markets, Insurance Business, Pension Funds, Financing Institutions, and Other Financial Services Institution;
c. important events related to the Banking, Capital Markets, Insurance Business, Pension Funds, Financing Institutions, and Other Financial Services Institutions that the Board of Commissioners should note; and

d. strategic policy that has been and will be taken by Bank of Indonesia, Ministry of Finance, and / or the Capital Market Supervisory Agency and Financial Institution.

Paragraph (3)
Self-explanatory

Paragraph (4)
The division of the financing is arranged jointly between the Government and Bank of Indonesia.

Article 67
Self-explanatory

Article 68
Self-explanatory

Article 69
Subsection (1)
Letter a
The task of Bank of Indonesia in regulating and overseeing banks as referred to in Article 8 letter c shifted to the OJK is the regulatory and supervisory duties relating to microprudential referred to this Act.

Bank of Indonesia still regulates macro prudential banking regulation.

Point b
Self-explanatory

Letter c
Self-explanatory

Paragraph (2)
Self-explanatory

Paragraph (3)
Self-explanatory

Paragraph (4)
Self-explanatory

Article 70
Self-explanatory

Article 71

Self-explanatory

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER ....