PRESS RELEASE

OJK ISSUES 3 NEW REGULATIONS TO STRENGTHEN CAPITAL MARKET

Jakarta, 21st September 2022. The Financial Services Authority (OJK) continues to strengthen capital market regulation and supervision by issuing three new regulations, namely OJK Regulation (POJK) No. 14/POJK.04/2022 concerning the Submission of Periodic Financial Statements by Issuers or Public Companies, POJK No. 15/POJK.04/2022 concerning Stock Splits and Reverse Stock Splits by Public Companies, as well as POJK No. 17/POJK.04/2022 concerning the Code of Conduct for Investment Managers.

The three new regulations intend to create orderly, fair, and efficient capital market activity while protecting the interests of investors and the public.

OJK Regulation (POJK) No. 14/POJK.04/2022 is a regulatory amendment to Capital Market Supervisory Agency (Bapepam) Regulation Number X.K.2 concerning the Submission of Periodic Financial Statements by Issuers or Public Companies and Decree of the Chairman of the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) Number Kep-346/BL/2011, dated 5th July 2011, concerning the Submission of Periodic Financial Statements by Issuers or Public Companies, which have been amended in accordance with OJK policies based on capital market best practices, market needs, and international standards.

This regulation is important due to its role in decision-making among shareholders, particularly public shareholders.

A punctual availability of financial statements is expected to assist public shareholders in making optimal investment decisions.

This OJK regulation stipulates that Issuers or Public Companies with an effective registration statement must submit Periodic Financial Statements to OJK and publish them to the public. Periodic Financial Statements must be submitted via the OJK electronic reporting system.

**POJK Number 15/POJK.04/2022**

This regulation stipulates the mechanism for stock splits and reverse stock splits by public companies. If the shares of a public company are listed on the Stock Exchange, the public company must obtain principal approval for any planned stock splits or reverse stock splits from the Stock Exchange where the public company is listed.

A stock split is a legal action undertaken by a public company to divide the number of shares from one to two shares or more, or based on a specific ratio, that increases the number of shares in a public company. A reverse stock split is a legal action undertaken...
by a public company to consolidate shares from two or more to one share, or based on a specific ratio, that decreases the number of shares in a public company.

The regulation concerning stock splits and reverse stock splits intends to provide legal assurance in terms of satisfying the rights of shareholders while protecting investors and maintaining orderly share trading.

**POJK Number 17/POJK.04/2022**

Complementing OJK regulations for the capital market, OJK also issued POJK Number 17/POJK.04/2022 as an amendment to POJK Number 43/POJK.04/2015 concerning the Code of Conduct for Investment Managers.

This POJK serves as a guideline for investment managers to avoid misconduct in terms of investment manager independence while helping to ensure rational investment decisions, appropriate conduct in terms of securities transactions in the interest of the customer, the marketing of investment products, information disclosure regarding investment products, as well as relating to the receipt of gifts and other benefits.

This POJK accommodates the need for regulations concerning liquidity risk management in investment management, as stated in the IOSCO Recommendations for Liquidity Risk Management for Collective Investment Schemes (FR01/2018).

The substance of the Investment Manager Code of Conduct amendment includes the following:

1. Provisions concerning mandatory stress tests and liquidity risk management in investment management;
2. Provisions concerning Investment Manager conduct when marketing Investment Products;
3. Strengthening oversight of pre-order allocation via S-INVEST;
4. Strengthening Risk Management by Investment Managers;
5. Restrictions on receiving gifts and strengthening conduct concerning soft commissions, rebates, et cetera;
6. Provisions concerning sole ownership of Investment Products;
7. Obligations to separate securities transactions from transactions made in the self-interest of the investment manager;
8. Limits on Negotiated Transactions for securities listed on the exchange;
9. Principles concerning the code of conduct for Investment Managers;
10. Use of Investment Product SID when performing securities transactions in the interest of the Investment Product;
11. Provisions concerning standardised fund fact sheets for Investment Products; and
12. Involvement restrictions on T-plus and Early Payment facilities from securities companies resulting in debt.