

**REGULATION OF BANK INDONESIA**

**NUMBER: 11 / 1/ PBI / 2009**

**REGARDING**

**COMMERCIAL BANK**

**WITH THE BLESSING OF GOD ALMIGHTY**

**GOVERNOR OF BANK INDONESIA**

- Considering :
- a. that a sound and strong national banking industry plays an important role in supporting economic growth and national stability;
  - b. that in the condition of tighter competition, national banking industry undergoes very rapid, dynamic and more integrated changes to create synergy and efficiency in bank management;
  - c. that the arrangement of banking institutions needs to be adjusted in order to provide clarity and legal assurance to meet banking dynamic demand and improve the service and benefit for public;
  - d. that in order to encourage the establishment of sound and strong banking industry, application of prudential principles to bank management is required;
  - e. that pursuant to the consideration as specified in the above point a, point b, point c and point d, it is deemed necessary to improve the provision regarding Commercial Bank in a Regulation of Bank Indonesia;
- In view of :
- 1. Law Number 7 of 1992 regarding Banking (State Gazette Year 1992 Number 31, Supplement Number 3472) as amended by Law Number 10 of 1998 (State Gazette Year 1998 Number 182, Supplement Number 3790);
  - 2. Law Number 23 of 1999 regarding Bank Indonesia (State Gazette Year 1999 Number 66, Supplement Number 3843) as amended recently by Law Number 6 of 2009 (State Gazette Year 2009 Number 7, Supplement Number 4962);

**HAS DECIDED**

To stipulate : **REGULATION OF BANK INDONESIA REGARDING COMMERCIAL BANK**

**CHAPTER I**  
**GENERAL PROVISION**

**Article 1**

In this Regulation of Bank Indonesia, the definitions of:

1. Bank is Commercial Bank as specified in Article 1 number 3 of Law Number 7 of 1992 regarding Banking as amended by Law Number 10 of 1998, conducting conventional business activities.
2. Regional Office hereinafter referred to as *Kanwil* is the office of Bank, assisting the head office in conducting administrative function and coordination for some branch offices in a particular region.
3. Branch Office hereinafter referred to as *KC* is the office of Bank directly responsible to Bank's head office, having a clear address of location where such KC conducts its business.
4. Sub Branch Office hereinafter referred to as *KCP* is the office under KC which business activities are to assist the main KC, having a clear address of location where such KCP conducts its business.
5. Cash Office hereinafter referred to as *KK* is the office of Bank, providing cash services, having a clear address of location where such KK conducts its business, including services for new customers.
6. Functional Office hereinafter referred to as *KF* is the office of Bank, conducting operational and non-operational activities on limited basis in one (1) functional activity.
7. Cash Service Activity, hereinafter referred to as *KPK*, is the cash activity to serve the parties who are Bank customers, covering among others:
  - a. Mobile Cash, which is cash activity, served on moving basis using a vehicle, or located not in a fixed location, such as mobile cash, floating cash or non-permanent bank counter;
  - b. Payment Point, which is the activity of paying or receiving payment in cooperation with Bank and other party in particular location, such as for paying telephone bill, electricity bill, employee salary and/or receiving deposit from third party;
  - c. Electronic Banking Instrument hereinafter referred to as *PPE*, is the activity of cash or non-cash service using the facilities of electronic machines, located inside and outside Bank office, to provide the services of, among others, cash withdrawal or deposit, overbooking transfer, inter-bank transfer and/or information on the balance/transaction of customer's account, using the network and/or machine owned by Bank or in cooperation of Bank and other party, such as Automatic Teller Machine (ATM) in this case including Automatic Deposit Machine (ADM) and Electronic Data Capture (EDC).

8. Board of Directors:
  - a. for Bank with the legal format of Limited Liability Company is the board of directors as specified in the Law regarding Limited Liability Company;
  - b. for Bank with the legal format of Provincial Corporation is the board of directors as specified in the Law regarding Provincial Corporation;
  - c. for Bank with the legal format of Cooperative is the management as specified in the Law regarding Cooperative.
9. Board of Commissioners:
  - a. for Bank with the legal format of Limited Liability Company is the board of commissioners as specified in the Law regarding Limited Liability Company;
  - b. for Bank with the legal format of Provincial Corporation is the board of supervisors as specified in the Law regarding Provincial Corporation;
  - c. for Bank with the legal format of Cooperative is the management as specified in the Law regarding Cooperative.
10. Executive Officer is the officer who is directly responsible to the Board of Directors or having significant influence on the policy and/or operations of Bank, among others, Head of Division, Head of Regional Office, Head of Branch Office, Head of Functional Office, which positions are at least equal to the Head of Branch Office, Head of Risk Management Unit, Head of Compliance Unit, Head of Internal Audit Unit and/or any other equal officers.
11. Controlling shareholder, hereinafter referred to as *PSP*, is a legal entity, individual and/or business group that:
  - a. owns 25% (twenty five per cent) or more shares of the company or Bank, from the total shares issued with voting right; or
  - b. holds the shares of company or Bank of less than 25% (twenty five per cent) from the total shares issued with voting rights but proved to have control of the company or Bank, either direct or indirectly.
12. Business Group is:
  - a. individual or legal entity;
  - b. several individuals; or
  - c. several legal entitiesbeing involved in the management, ownership, and/or financial relation.

## **Article 2**

Any party conducting the activity of mobilizing funds from public in form of deposits, must at first obtain Bank's business license from the Governor of Bank Indonesia, unless such mobilizing funds activity is regulated in a separate law.

## **Article 3**

The legal format of a Bank may be in form of:

- a. Limited Liability Company;
- b. Provincial Corporation; or
- c. Cooperative.

## **CHAPTER II**

### **LICENSING**

#### **Part One**

#### **Bank Establishment**

### **Article 4**

- (1) Bank may only be established and conducting business activities with the license from the Governor of Bank Indonesia.
- (2) The licensing as specified in paragraph (1) shall be made in two (2) steps:
  - a. principal approval, that is the approval for the preparation of a Bank establishment; and
  - b. business license, that is the license granted to conduct bank business activities upon the completion of preparation as specified in point a.

### **Article 5**

Paid-up capital for the establishment of Bank is stipulated at no less than Rp 3,000,000,000,000.00 (three trillion rupiah).

### **Article 6**

- (1) Bank may only be established and/or owned by:
  - a. Indonesian citizen and/or Indonesian legal entity; or
  - b. Indonesian citizen and/or Indonesian legal entity in partnership with foreign citizens and/or foreign legal entities.
- (2) Ownership of foreign citizen and/or foreign legal entity as specified in paragraph (1) point b shall be at the most 99% (ninety nine per cent) from the total paid-up capital of Bank.

**Part Two**  
**Principal Approval and Business License**

**Article 7**

- (1) The application for principal approval as specified in Article 4 paragraph (2) point a shall be submitted at the least by one of the prospective owner to the Governor of Bank Indonesia, with the enclosure of:
- a. draft of establishment deed of legal entity, including draft of Articles of Association that at the least covers:
    1. name and place of domicile;
    2. business activity as a Bank;
    3. capitalization;
    4. ownership;
    5. authority, responsibility, and periods of service of the members of the Board of Commissioners and the members of the Board of Directors; and
    6. the condition that the appointment of the members of the Board of Commissioners and the members of the Board of Directors must first be approved by Bank Indonesia;
  - b. data of ownership in form of:
    1. list of prospective shareholders including the detailed amount of the respective share ownership of Bank with legal format of Limited Liability Company/Provincial Corporation;
    2. list of the prospective members including the detailed amount of principal deposit and obligatory deposit, and list of grant for Bank with legal format of Cooperative;
  - c. list of candidates for the members of the Board of Commissioners and for the members of the Board of Directors, with the enclosure of:
    1. passport photo of the latest one month, in 4 x 6 cm size;
    2. photocopy of identification in form of Resident's Identity Card (KTP) or a valid passport;
    3. curriculum vitae;
    4. personal statement, stating that the candidate has never committed disgraceful behavior in banking, financing and other businesses, never been punished for any proven criminal offense, and not included in Disqualified List as stipulated in the provision on Fit and Proper Test of Bank Indonesia; and
    5. personal statement, stating that the candidate has never been declared bankrupt nor served as shareholder, member of the Board of Directors or member of the Board of

Commissioners found at fault in the bankruptcy of any company by court judgment during the period of five (5) years prior to the candidacy;

- d. draft of composition and structure of organization and personnel;
  - e. business plan for the first three (3) years that at the least contains:
    - 1. feasibility study on market opportunity and economic potential;
    - 2. business activity plan covering the mobilization and distribution of funds and the steps taken in order to realize such plan; and
    - 3. projections of balance sheet, income statement and cash flow monthly report for twelve (12) months starting when Bank begins its operations;
  - f. medium-term and long-term strategic plans (corporate plan);
  - g. guidelines for risk management, plan for internal control system, plan for information technology system to be used, and guidelines for the implementation of Good Corporate Governance;
  - h. work system and procedures;
  - i. proof of capital payment of at least 30% (thirty per cent) from the minimum paid-up capital as specified in Article 5, in form of photocopy of the receipt from a bank in Indonesia and made on the name of “The Board of Governors of Bank Indonesia qq one of the prospective owners of the Bank to be established”, with the remarks that the deposit can only be disbursed upon a written approval from the Board of Governors of Bank Indonesia; and
  - j. statement from the prospective shareholder of Bank with legal format of Limited Liability Company/Provincial Corporation or from the prospective member of Bank with legal format of Cooperative, that capital payment as specified in point i is:
    - 1. not originated from loan or financing facility in any form whatsoever from any Bank and/or other party in Indonesia; and/or
    - 2. not obtained from and used for money laundering purposes.
- (2) List of prospective shareholders or list of prospective members as specified in paragraph (1) point b:
- a. in case of individual must be accompanied by:
    - 1. the documents as specified in paragraph (1) point c number 1 to 5;
    - 2. any other documents and or statements as required by Bank Indonesia;
  - b. in case of legal entity must be accompanied by:
    - 1. establishment deed of the legal entity, containing Articles of Association together with the amendments having been legalized by the authorized institution including

- for foreign legal entity pursuant to the provision effective in the country of origin of such legal entity;
2. the documents as specified in paragraph (1) point c number 1 to 5;
  3. recommendation from the authorized institution in the country of origin for foreign legal entity;
  4. list of shareholders including the detailed amount of the respective share ownership for legal entity of Limited Liability Company/Provincial Corporation, or list of members including the detailed amount of principal deposit and obligatory deposit, and list of grant for legal entity of Cooperative;
  5. financial statements of the legal entity having been audited by public accountant for the position of the last six (6) months prior to the date of application for principal approval;
  6. the whole structure of business group related to Bank and legal entity of Bank's owner up to the last owner; and
  7. any other documents and or statements as required by Bank Indonesia;
- c. in case of government, both central and provincial, must be accompanied by:
1. photocopy of the document stating the decision of the establishment of Provincial Corporation for Provincial Government;
  2. the document as specified in paragraph (1) point c number 1 to 5 from the authorized official representing the government;
  3. Budget of Revenue and Expense; and
  4. any other documents and or statements as required by Bank Indonesia;

### **Article 8**

- (1) Approval or rejection to the application for principal approval as specified in Article 4 paragraph (2) point a shall be given not later than sixty (60) working days after the application documents are received in complete order.
- (2) For the purpose of approval or rejection as specified in paragraph (1), Bank Indonesia shall conduct:
  - a. scrutiny on the completeness and correctness of the documents;
  - b. analysis covering, among others, level of fair competition among banks, saturation level of numbers of banks, and equity in national economic development; and
  - c. Fit and Proper Test for prospective PSP, candidates for members of Board of Commissioners and candidates for members of Board of Directors.

- (3) Other than the provision as specified in paragraph (2), the parties applying for Bank establishment must conduct a presentation to Bank Indonesia regarding the whole plan of Bank establishment.

#### **Article 9**

- (1) Principal approval as specified in Article 4 paragraph (2) point a, shall be effective for the period of one (1) year as of the date of issuance of the principal approval.
- (2) The party obtaining the principal approval as specified in paragraph (1) is prohibited to carry out any banking business activity prior to obtaining the business license.
- (3) If until the period as specified in paragraph (1) the party obtaining the principal approval as specified in paragraph (2) has not applied for the business license to Bank Indonesia, the issued principal approval shall become invalid.

#### **Article 10**

The application for business license as specified in Article 4 paragraph (2) point b shall be submitted by the party already obtained principal approval to the Governor of Bank Indonesia, with the enclosure of:

- a. establishment deed of legal entity, containing the Articles of Association having been legalized by the authorized institution;
- b. data of ownership as specified in Article 7 paragraph (1) point b, each is accompanied by the documents as specified in Article 7 paragraph (2), in case of change of ownership;
- c. compositions of Board of Commissioners and Board of Directors, accompanied by:
1. specimens of signature and initial;
  2. identity and documents as specified in Article 7 paragraph (1) point c, in case of change; and
  3. photocopy of Limited Resident's Permit (KITAS) or Permanent Resident's Permit (KITAP) and photocopy of work permit from the authorized institution, for foreign citizen:
    - i. members of Board of Directors; and/or
    - ii. members of Board of Commissioners who intend to reside in Indonesia;
- d. the documents as specified in Article 7 paragraph (1) point d, point e, point f, point g, and point h, in case of change;
- e. proof of payment of minimum paid-up capital as specified in Article 5, in form of photocopy of deposit receipt from a Bank in Indonesia and made on the name of "The Board of Governors of Bank Indonesia qq one of the prospective owners of the Bank to be



established”, by mentioning the remarks that the deposit can only be disbursed upon a written approval from the Board of Governors of Bank Indonesia;

- f. proof of operational readiness, at least in form:
  - 1. list of fixed assets and inventory;
  - 2. proof of ownership, control or office lease agreement;
  - 3. photo of office building and layout of rooms;
  - 4. specimens of forms/documents to be used for Bank’s operations; and
  - 5. Tax Identification Number (NPWP) and Certificate of Company Registration (TDP);
- g. statement from the shareholders of Bank with legal format of Limited Liability Company/Provincial Corporation or from the members of Bank with legal format of Cooperative, that capital payment as specified in point i:
  - 1. not originated from loan or financing facility in any kind from Bank and/or other party in Indonesia; and/or
  - 2. not originated from and for money laundering purpose;
- h. statement from the members of Board of Commissioners that the person concerned does not hold concurrent positions more than the provision as stipulated in Regulation of Bank Indonesia on the implementation of Good Corporate Governance for Bank;
- i. statement from the members of Board of Directors that the person concerned does not hold concurrent positions as specified in the Regulation of Bank Indonesia on the implementation of Good Corporate Governance for Bank;
- j. statement from the members of Board of Commissioners and members of Board of Directors that the person concerned does not have family ties as specified in Regulation of Bank Indonesia on the implementation of Good Corporate Governance for Bank;
- k. statement from the members of Board of Directors that the person concerned, jointly or severally, is not holding stocks in excess of 25% (twenty five per cent) from the paid-up capital of another company as specified in Regulation of Bank Indonesia on the implementation of Good Corporate Governance for Bank;

### **Article 11**

- (1) Approval or rejection to the application for business license as specified in Article 4 paragraph (2) point b shall be given not later than sixty (60) working days after the application documents are received in complete order.
- (2) For the purpose of approval or rejection to the application as specified in paragraph (1), Bank Indonesia shall conduct:
  - a. scrutiny on the completeness and correctness of the documents;

- b. Fit and Proper Test, in case of change of prospective PSP, members of Board of Commissioners and/or members of Board of Directors previously submitted.

#### **Article 12**

- (1) Bank that has obtained the business license from the Governor of Bank Indonesia must conduct banking business activities at the latest in sixty (60) working days after the date of issuance of the business license.
- (2) Conducting the business activities as specified in paragraph (1) must be reported by the Bank's Board of Directors to Bank Indonesia within the period of not later than ten (10) working days after the date of operational activities;
- (3) If after the period of time as specified in paragraph (1) Bank has not conducted any business activity, the issued license shall become invalid.

#### **Article 13**

- (1) Bank that has obtained the business license from the Governor of Bank Indonesia must visibly insert the word "Bank" in the name.
- (2) In case a logo is used as additional identity in relation to legal matters, Bank must mention the Bank's name as the main identity.

### **CHAPTER III**

#### **BANK'S OWNERSHIP AND CHANGE OF CAPITAL**

#### **Article 14**

Source of funds used for Bank's ownership is prohibited:

- a. originated from loan or financing facility in any kind from other Bank and/or party in Indonesia; and/or
- b. not originated from and for money laundering purpose.

#### **Article 15**

- (1) Bank's ownership by a legal entity as specified in Article 6 paragraph (1) shall be at the highest similar to the net own capital of the legal entity concerned;
- (2) The provision on net own capital as specified in paragraph (1) must be fulfilled when such legal entity makes capital payment for the establishment of Bank or when the legal entity concerned pays additional paid-up capital of the Bank.

## **Article 16**

Ownership of Bank shares by Controlling Shareholder is prohibited to be assigned as collateral or pledged to other party.

## **Article 17**

- (1) Parties eligible to become owner of a Bank must comply with the following requirements:
  - a. possessing sound moral character;
  - b. commitment to abide by the effective rules and regulations;
  - c. strong commitment to the development of sound banking operations; and
  - d. not included in Disqualified List.
- (2) In case of the owner of Bank with legal format, the requirements specified in paragraph (1) shall thus apply to the owner and management of such legal entity.

## **Article 18**

- (1) Parties eligible to be Bank's PSP (Controlling Shareholder) must comply with the following requirements:
  - a. Requirement of Integrity shall at least include:
    1. sound moral character;
    2. commitment to abide by the effective rules and regulations;
    3. strong commitment to the development of sound banking operations;
    4. not under the imposition of sanction for being prohibited to become shareholder and/or Management of Bank and/or BPR (Rural Bank);
  - b. Financial standing requirement shall at least include:
    1. requirements of financial capacity;
    2. compliance with administrative requirements for evaluation purpose of financial capacity as stipulated in the prevailing regulation; and
    3. having no debt that is due and in problem.
- (2) The parties as specified in paragraph (1) must submit the documents as specified in Article 7 paragraph (2) point a number 2, Article 7 paragraph (2) point b number 7, or Article 7 paragraph (2) point c number 4.
- (3) The provision on evaluation procedure for eligibility as specified in paragraph (1) shall be stipulated in the provision regarding Fit and Proper Test.

### **Article 19**

- (1) Shareholder is prohibited from involvement in decision-making concerning the operations of Bank.
- (2) The provision as specified in paragraph (1) shall not be valid for shareholder who also becomes Bank management or employee.

### **Article 20**

Change and/or addition to Bank owner and/or PSP shall be subject to the procedures for change and/or addition to Bank owner as stipulated in the effective rules and regulations regarding the change and/or addition to Bank owner and/or PSP that results in a change of control.

### **Article 21**

Change of paid-up capital due to dividend distributed in form of Bank share must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the change with the enclosure of:

- a. data of ownership as specified in Article 7 paragraph (1) point b; and
- b. minutes of General Meeting of Shareholders.

### **Article 22**

- (1) Change of composition of Bank ownership that does not result in change of control, whether resulting or not resulting in change, reduction, and/or addition to Bank owner must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the change.
- (2) Report on the change of composition of ownership as specified in paragraph (1) due to additional paid-up capital must be accompanied by:
  - a. proof of deposit;
  - b. minutes of General Meeting of Shareholders or Membership Meeting;
  - c. statements as specified in Article 10 point g;
  - d. data of ownership as specified in Article 10 point b; and
  - e. amendment deed of Articles of Association including the receipt of notification of the amendment of Articles of Association from the authorized institution.
- (3) Report on the change of composition of ownership as specified in paragraph (1) that does not change the amount of paid-up capital must be accompanied by the documents as specified in paragraph (2) point b, point c, and point d and photocopy of share transfer document.
- (4) Bank must submit report on the change of composition of ownership due to the change and/or addition to Bank owner as the result from the purchase of shares at stock exchange and/or

report on the list of Bank shareholders at particular position, when requested by Bank Indonesia.

#### **Article 23**

- (1) Change of Bank share ownership due to grant or legacy of shares that does not change paid-up capital must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the change, with the enclosure of:
  - a. deed of grant or deed of legacy;
  - b. data of ownership as specified in Article 7 paragraph (1) point b; and
  - c. the documents as specified in Article 7 paragraph (1) point c number 1, number 2, number 3, and number 5.
- (2) In the event that the change of share ownership as specified in paragraph (1) results in the receiver of grant or share legacy becoming PSP, the provisions stipulated in Article 20 shall apply accordingly.

#### **Article 24**

- (1) Change of authorized capital of Bank with legal format of Limited Liability Company/ Provincial Corporation, must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the date of receipt of approval for the amendment of Articles of Association from the authorized institution, with the enclosure of:
  - a. minutes of General Meeting of Shareholders; and
  - b. amendment deed of Articles of Association having been approved by the authorized institution.
- (2) Additional capital for Bank with legal format of Cooperative must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the receipt of approval for the amendment of Articles of Association from the authorized institution, with the enclosure of:
  - a. minutes of Membership Meeting; and
  - b. deed of amendment of Articles of Association having been approved by the authorized institution.
- (3) Repurchase of the shares that have been issued by Bank must be approved beforehand by Bank Indonesia and conducted pursuant to the prevailing rules and regulations.

#### **Article 25**

- (1) Issuance of Bank shares through public offering in the stock exchange (*go public*) must be reported to Bank Indonesia.

- (2) The plan of issuing shares through public offering as specified in paragraph (1) must be disclosed in the Bank's Business Plan.
- (3) Reporting of the share issuance as specified in paragraph (1) must be conducted no less than forty five (45) working days prior to the public offering by enclosing:
  - a. implementation schedule of the public offering; and
  - b. plan of fund utilization.

#### **Article 26**

- (1) Bank must conduct an orderly administration of:
  - a. list of shareholders and its changes of Bank with legal format of Limited Liability Company/Provincial Corporation; or
  - b. book of membership list and its changes of Bank with legal format of Cooperative.
- (2) Bank having been registered in the capital market must renew the list as specified in paragraph (1) point a.

### **CHAPTER IV**

#### **BOARD OF COMMISSIONERS, BOARD OF DIRECTORS, AND EXECUTIVE OFFICERS**

#### **Article 27**

- (1) Members of Board of Commissioners and Board of Directors must comply with the following requirements:
  - a. Integrity requirement shall at least include:
    1. sound moral character;
    2. commitment to abide by the effective rules and regulations;
    3. strong commitment to the development of sound banking operations;
    4. not included in Disqualified List;
  - b. Competence requirement shall at least include:
    1. sufficient knowledge of banking relevant to the position;
    2. experience and expertise in banking and/or finance; and
    3. capacity for strategic management within the framework of the development of a sound bank.
  - c. Financial reputation requirement shall at least include:
    1. not included in the list of bad debts; and

2. never declared bankrupt nor served as shareholder, member of the Board of Directors or member of the Board of Commissioners found at fault in the bankruptcy of any company, during the period of five (5) years prior to the candidacy.
- (2) The requirements specified in paragraph (1) shall be stipulated further in the provision on Fit and Proper Test.

#### **Article 28**

- (1) Bank must assign one member of the Board of Directors as Compliance Director.
- (2) The provision on Compliance Director as specified in paragraph (1) shall be stipulated in the provision of Bank Indonesia regarding the Assignment of Compliance Director.

#### **Article 29**

The composition, number and other requirement for members of Board of Commissioners and members of Board of Commissioners shall be subject to the other related provision of Bank Indonesia.

#### **Article 30**

- (1) Candidates for members of Board of Commissioners and/or candidates for members of Board of Directors must be approved by Bank Indonesia prior to holding the positions.
- (2) Application for the approval as specified in paragraph (1) shall be submitted by the Bank to the Governor of Bank Indonesia, and must be accompanied by the documents as specified in Article 10 point c, point h, point i, point j, and point k.
- (3) Other than complying with the provisions of Bank Indonesia, candidates for members of Board of Commissioners or members of Board of Directors as specified in paragraph (1) must comply with the requirements of the prevailing rules and regulations.
- (4) For the purpose of approval or rejection to the application as specified in paragraph (2), Bank Indonesia shall conduct Fit and Proper Test.
- (5) Approval or rejection to the application for candidates for members of Board of Commissioners and members of Board of Directors shall be given not later than thirty (30) working days after all requirements are completed.
- (6) Bank Indonesia's approval as specified in paragraph (5) shall be valid for the period of six (6) months.
- (7) Appointment of members of Board of Commissioners or members of Board of Directors by General Meeting of Shareholders shall be considered ineffective prior to approval from Bank Indonesia.

- (8) The Board of Commissioners or members of Board of Directors who are declared ineffective as specified in paragraph (7) cannot make decision that legally binding and affecting Bank's financial condition.
- (9) In the event that General Meeting of Shareholders or Membership Meeting cancels the appointment of candidates for members of Board of Commissioners or candidates for members of Board of Directors who have been approved by bank Indonesia, the Bank must thus report such cancellation to Bank Indonesia, not later than ten (10) working days after the date of cancellation, including the minutes of General Meeting of Shareholders or the minutes of Membership Meeting.
- (10) The appointment of members of Board of Commissioners or members of Board of Directors must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the appointment is effective, including the minutes of General Meeting of Shareholders or the minutes of Membership Meeting.

### **Article 31**

Discharge and/or resignation of members of Board of Commissioners and/or members of Board of Directors must be reported to Bank Indonesia not later than ten (10) working days after the discharge and/or resignation is effective, including the reason of such discharge and/or resignation.

### **Article 32**

- (1) Appointment, discharge, or replacement of Executive Officer must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the appointment, discharge, or replacement is effective, with the enclosure of:
  - a. letter of appointment, discharge, replacement and/or empowerment as Executive Officer from the Bank's Board of Directors or the authorized institution;
  - b. documents stating the identity of the new Executive Officer as specified in Article 7 paragraph (1) point c number 1, number 2, number 3 and Article 10 point c number 1; and
  - c. official report of transfer of position.
- (2) The position of Executive Officer as specified in paragraph (1) shall be declared effective if the person concerned:
  - a. has received the letter of appointment and/or empowerment or any other documents that may be treated equally; and
  - b. has conducted transfer of position.



- (3) If under the scrutiny and evaluation of Bank Indonesia, the Executive Officer as specified in paragraph (1) has negative track record, the Bank must forthwith cancel the appointment of the person concerned from the position of Executive Officer not later than ten (10) working days after the date of confirmation letter from Bank Indonesia.

### **Article 33**

- (1) Temporary replacement of Executive Officer due to:
- a. post vacancy and the new Executive Officer has not been appointed or effective to carry out its assignment; or
  - b. the Executive Officer concerned cannot carry out the assignment for the period of more than three (3) months,
- must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the date of replacement.
- (2) Reporting as specified in paragraph (1) must be accompanied by:
- a. letter of appointment, empowerment, official report of transfer of temporary position as Executive Officer from Bank's Board of Directors or any other documents that may be treated equally; and
  - b. Bank must assign or appoint Executive Officer on permanent basis for the temporary replacement of Executive Officer as specified in paragraph (1) not later than six (6) months after the date of replacement as specified in paragraph (1).

### **Article 34**

Bank employing Foreign Workers must comply with the requirement and procedures for employment of Foreign Workers as stipulated in the prevailing regulation.

## **CHAPTER V**

### **ESTABLISHMENT OF BANK OFFICES**

#### **Part One**

#### **Bank Office Establishment Domestically**

#### **Paragraph 1**

#### **Establishment of Branch Office (KC)**

### **Article 35**

- (1) The establishment of KC must have the approval from the Governor of Bank Indonesia.

- (2) The plan of KC establishment as specified in paragraph (1) must be disclosed in Bank's Business Plan.
- (3) In order to obtain the license as specified in paragraph (1), Bank must submit the application to Bank Indonesia, with the enclosure of:
  - a. consolidated financial statements and details of assets quality for the last two (2) months before the date of the application letter;
  - b. plan of operational preparation for the establishment of KC;
  - c. the result of feasibility study that shall at least include economic potential, market opportunity, the level of fair competition among banks, saturation level of number of banks; and
  - d. business plan of KC for at least twelve (12) months.
- (4) Application as specified in paragraph (3) may be submitted by Bank officer other than the Board of Directors provided that it has been stipulated in the policy regarding delegation of Bank authority.
- (5) For the purpose of approval or rejection to the application as specified in paragraph (3), Bank Indonesia shall conduct:
  - a. scrutiny on the completeness and correctness of the documents;
  - b. analysis of the result of feasibility study submitted by Bank as specified in paragraph (3) point c;
  - c. analysis of the capacity of Bank, including level of soundness, capital adequacy and risk profile.
- (6) Approval or rejection to the application as specified in paragraph (3) shall be given not later than thirty (30) working days after the application documents are received in complete order.

### **Article 36**

- (1) Establishment of KC as specified in Article 35 must be implemented not later than thirty (30) working days after the date of license issued by Bank Indonesia.
- (2) Establishment of KC as specified in paragraph (1) must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the date of implementation.
- (3) If the period of time as specified in paragraph (1) the Bank does not implement the establishment of KC, the license already issued shall become invalid.

## **Paragraph 2**

### **Establishment of Sub-branch Office (KCP)**

#### **Article 37**

- (1) Establishment of KCP may only be implemented if it has been reported and confirmed by Bank Indonesia.
- (2) The plan of establishment of KCP as specified in paragraph (1) must be disclosed in the Bank's Business Plan.
- (3) Establishment of KCP as specified in paragraph (1) may only be implemented:
  - a. in one work area of Bank Indonesia and the main KC, unless otherwise approved by Bank Indonesia; and
  - b. in observance of the feasibility study containing the saturation level of numbers of banks.
- (4) Financial statements of KCP must be consolidated with the financial statements of the main office on the same day.

#### **Article 38**

- (1) Bank must submit the plan of KCP establishment to Bank Indonesia not later than thirty (30) working days prior to the office establishment, including the result of feasibility study including the saturation level of numbers of banks;
- (2) Establishment of KCP as specified in paragraph (1) must be implemented not later than thirty (30) working days after the date of confirmation from Bank Indonesia.
- (3) Establishment of KCP must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the date of implementation.

## **Paragraph 3**

### **Establishment of Cash Office (KK) or Cash Service Activity (KPK)**

#### **Article 39**

- (1) Establishment of KK or KPK may only be implemented in one work area of Bank Indonesia and the main KC, unless otherwise approved by Bank Indonesia.
- (2) The plan of establishment of KK or KPK as specified in paragraph (1) must be disclosed in the Bank's Business Plan.
- (3) Establishment of KK or KPK must be reported by the Bank to Bank Indonesia in the Realization Report of Bank's Business Plan on quarterly basis.
- (4) Financial statements of KK or KPK must be consolidated with the financial statements of the main office on the same day, except for the activity of PPE (Electronic Banking Instrument).

- (5) Under particular consideration Bank Indonesia may instruct Bank to postpone the establishment of KK or KPK.
- (6) Excluded from KPK establishment is the activity of exhibition for promotion purposes, which is not on permanent basis and only for receiving initial deposit/safekeeping of cash pursuant to the required minimum deposit for account opening.

#### **Paragraph 4**

#### **Establishment of Functional Office (KF)**

#### **Article 40**

- (1) Establishment of KF may only be implemented if it has been reported and confirmed by Bank Indonesia.
- (2) The plan of establishment of KF as specified in paragraph (1) must be disclosed in the Bank's Business Plan.
- (3) KF comprises of:
  - a. KF conducting operational activities; and
  - b. KF not conducting operational activities.
- (4) KF as specified in paragraph (3) point a must consolidate its financial statements and the financial statements of:
  - a. KC of Bank which is located in one (1) area of operations of Bank Indonesia;
  - b. the closest KC or Bank's Head Office, if it is in the same area with Bank Indonesia where the location of such KF has no KC of Bank, with the approval from Bank Indonesia.
- (5) Financial statements of KF as specified in paragraph (3) number b, must be consolidated with the financial statements of the Bank's Head Office.
- (6) Bank must submit the plan of KF establishment to Bank Indonesia not later than thirty (30) working days prior to the office establishment.
- (7) The submission of plan of KF operational establishment for extending credit shall include the description of the Bank's plan to prioritize extending credit to productive sector.
- (8) Establishment of KF must be implemented not later than thirty (30) working days after the date of confirmation from Bank Indonesia.
- (9) Establishment of KF must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the date of implementation.

**Paragraph 5**  
**Establishment of Regional Office (Kanwil)**

**Article 41**

- (1) The plan of establishment of Kanwil must be disclosed in the Bank's Business Plan.
- (2) Bank must report the plan of establishment of Kanwil to Bank Indonesia not later than thirty (30) working days prior to the implementation, at least accompanied by the following documents:
  - a. the reason of Kanwil establishment;
  - b. catchment area of work and structure of organization; and
  - c. task and authority of Kanwil.
- (3) Establishment of Kanwil must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the date of implementation.
- (4) Establishment of Kanwil conducting the operational activity as KC with more extensive authority shall be implemented following the procedure of KC establishment, as specified in Article 35 and Article 36.

**Part Two**

**Office Establishment Overseas**

**Article 42**

- (1) Establishment of KC, representative office, and other types of offices overseas both operational and non-operational, must be approved by the Governor of Bank Indonesia.
- (2) Activities to be conducted by KC as specified in paragraph (1) shall at least cover mobilization of funds and system of payment.
- (3) Activities to be conducted by representative office as specified in paragraph (1) shall only cover marketing activities.
- (4) License as specified in paragraph (1) must be implemented within the period of one (1) year as of the issuance of license by the Governor of Bank Indonesia, and may be extended for another one (1) year based on justifiable reason.
- (5) The plan of office establishment as specified in paragraph (1) must be disclosed in the Bank's Business Plan.
- (6) The licensing as specified in paragraph (1) may only be granted if:
  - a. it has been Foreign Exchange Bank for at least twenty four (24) months;
  - b. it has disclosed the plan of establishing KC, representative office, and other types of offices overseas in the Bank's Business Plan;
  - c. it has met the requirement of level of soundness, capital adequacy and risk profile; and

- d. it has a clear address or domicile of operational office.
- (7) Application for licenses to establish KC and other types of operational offices as specified in paragraph (1), shall be submitted by the Bank to Bank Indonesia and must be accompanied by the documents as specified in Article 35 paragraph (3) point a, point b, and point d and the result of feasibility study that contains at least market opportunity and economic potential.
- (8) Application for licenses to establish representative office and other types of office being not operational in nature as specified in paragraph (1), shall be submitted by Bank to Bank Indonesia with the enclosure of: consolidated financial statements for the last two (2) months prior to the date of application letter and the reason of office establishment.
- (9) Approval or rejection to the application as specified in paragraph (7) and paragraph (8) shall be given not later than thirty (30) working days after the application documents are received in complete order.

#### **Article 43**

- (1) Overseas office establishment as specified in Article 42 must be approved by the competent authorities of the country concerned
- (2) Office establishment as specified in paragraph (1) must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the date of office establishment, and must be accompanied by the copy/photocopy of the license for office establishment from the competent authorities of the country concerned.

### **Part Three**

#### **Insertion of Name and Type of Bank Office**

#### **Article 44**

Bank must visibly insert the name and type of Bank office on the respective Bank office.

### **CHAPTER VI**

#### **CHANGE OF BANK OFFICE'S STATUS**

#### **Article 45**

Change of Bank office's status must obtain license from or be reported to Bank Indonesia.

#### **Article 46**

Upgrading status of Bank Office shall be implemented by complying with the requirements and procedure for the establishment of the intended Bank office.

#### **Article 47**

- (1) Downgrading of Bank office's status from KC to KCP, KK or KPK must first obtain the license from Bank Indonesia.
- (2) Downgrading of Bank office's status from KCP to KK or KPK must be reported to Bank Indonesia not later than thirty (30) working days prior to the implementation.
- (3) Application for approval of downgrading of status as specified in paragraph (1) or reporting of downgrading of status as specified in paragraph (2) shall be submitted by the Bank to Bank Indonesia, with the enclosure of:
  - a. reason of change;
  - b. measures taken for the settlement of the whole obligations of the Bank office to the customers and other parties; and
  - c. statement from the Board of Directors of the Bank stating that any claim in the future shall be for the responsibility of the Board of Directors for and on behalf of the Bank.
- (4) Approval for the application or confirmation on the reporting as specified in paragraph (3) shall be given within the period of not later than thirty (30) working days after the application documents are received in good order.
- (5) Change of status having been approved or confirmed as specified in paragraph (4) must be implemented not later than thirty (30) working days after the date of approval or confirmation of such change of status.
- (6) Change of office status must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the date of such change of office status.

#### **Article 48**

- (1) Conversion of office from KF to KC or KCP shall be implemented following the requirements and procedure for establishment of KC or KCP as specified in Article 35 and Article 36 or Article 37 and Article 38.
- (2) Conversion of office from KF to KK or KPK shall be implemented in reference to the procedure for downgrading status from KCP to KK or KPK as specified in Article 47.
- (3) Conversion of office from KC to KF shall be implemented in reference to the procedure for downgrading status from KC to KCP, KK or KPK as specified in Article 47.
- (4) Conversion of office from KCP to KF shall be implemented in reference to the procedure for downgrading status from KCP to KK or KPK as specified in Article 47.

**CHAPTER VII**  
**CHANGE OF BANK OFFICE'S ADDRESS**

**Article 49**

- (1) Change of address of Head Office and/or KC shall require approval from the Governor of Bank Indonesia.
- (2) The plan of change of address of Head Office and/or KC must be disclosed in the Bank's Business Plan.
- (3) The application for approval as specified in paragraph (1) shall be submitted by the Bank to Bank Indonesia not later than thirty (30) working days prior to the change of address.
- (4) The application for change of address of Head Office and/or KC as specified in paragraph (1), shall be accompanied by:
  - a. reasons for the change of address and plan for office preparation for operations;
  - b. plan for settlement or transfer of receivables and liabilities of Bank; and
  - c. feasibility study in the new domicile that shall at least include economic potential, market opportunity, level of fair competition among banks, and saturation level of numbers of banks.
- (5) Change of address of KC which is:
  - a. within one work area of Bank Indonesia, but located in adjacent place must comply with the requirements as specified in paragraph (4) point a;
  - b. within one work area of Bank Indonesia, but located not in adjacent place must comply with the requirements as specified in paragraph (4) point a and point b;
  - c. outside the work area of Bank Indonesia, must comply with the provision on the closure of KC and establishment of KC as specified in Article 65 and Article 66, and Article 35 and Article 36.

**Article 50**

- (1) For the purpose of approval or rejection for the application of change of address, Bank Indonesia shall conduct:
  - a. scrutiny on the completeness and correctness of the documents;
  - b. analysis covering, among others, level of fair competition among banks, saturation level of numbers of banks, and equity in national economic development.
- (2) Approval or rejection to the application for change of address as specified in paragraph (1) shall be given not later than thirty (30) working days after the application documents are received in complete order.



- (3) Change of address having been approved as specified in paragraph (2) must be implemented not later than thirty (30) working days after the date of approval from the Governor of Bank Indonesia.
- (4) Change of address as specified in paragraph (3) shall be announced by the Bank in:
  - a. newspaper with national circulation, for change of address of head office; or
  - b. newspaper with wide circulation in the domicile of Branch Office, for change of address of Branch Office.
- (5) Change of office address must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the date of change of address.
- (6) If after the period specified in paragraph (3), Bank does not implement the change of address the issued approval shall become ineffective.

#### **Article 51**

- (1) The plan of change of address of Kanwil, KCP, KF, KK and/or KPK must be disclosed in the Bank's Business Plan.
- (2) The plan of change of address:
  - a. Kanwil, KCP and KF domestically; or
  - b. KC, representative office, and other types of office overseas;must be reported by the Bank to Bank Indonesia not later than thirty (30) working days prior to the change of office address.
- (3) Report on the plan of change of address as specified in paragraph (2) point a must be accompanied by:
  - a. reasons for the change of address and plan for office preparation for operations;
  - b. plan for settlement or transfer of receivables and liabilities of Bank; and
  - c. feasibility study in the new domicile that shall at least include saturation level of numbers of banks.

#### **Article 52**

- (1) Change of address of Kanwil as specified in Article 51 paragraph (2) point a must comply with the requirements as specified in Article 51 paragraph (3) point a.
- (2) Change of address of KCP as specified in Article 51 paragraph (2) point a, which is:
  - a. within the same municipality/regency and located in adjacent place must comply with the requirements as specified in Article 51 paragraph (3) point a;
  - b. within the same municipality/regency and located not in adjacent place must comply with the requirements as specified in Article 51 paragraph (3) point a and point b;

- c. outside the municipality/regency must comply with the provision on the closure of KCP as specified in Article 68 and establishment of KCP as specified in Article 37 and Article 38.
- (3) Change of address of KF must comply with the following requirements:
- a. for KF conducting operational activities as specified in Article 40 paragraph (3) point a, must comply with the requirement specified in paragraph (2) point a, point b, or comply with the provision on the closure of KF as specified in Article 68 and establishment of KF as specified in Article 40 in case the change of KF is outside the previous municipality/regency.
  - b. for KF not conducting operational activities as specified in Article 40 paragraph (3) point b, the requirement is to submit the documents as specified in Article 51 paragraph (3) point a.

### **Article 53**

- (1) Change of address of KCP or KF conducting operational activities as specified in Article 52 paragraph (3) must be implemented not later than thirty (30) working days after the date of confirmation from Bank Indonesia.
- (2) The change of address of KCP as specified in Article 52 paragraph (2) r KF conducting operational activities as specified in Article 52 paragraph (3) point a must be announced by the Bank in newspaper with wide circulation in the domicile of its main office not later than ten (10) working days prior to the date of change of address.
- (3) The change of address of KK or KPK must be announced by the Bank in the previous location not later than thirty (30) working days prior to the date of change of address of KK or KPK.
- (4) Change of address of KCP or KP conducting operational activities must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the date of change of address.
- (5) Change of address of Kanwil, KK, KPK or KF not conducting operational activities must be reported in the realization report of Bank's Business Plan on quarterly basis.
- (6) Change of address of KC, representative office, and other types of office overseas as specified in Article 51 paragraph (2) point b must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the date of change of address, accompanied by the copy/photocopy of license from the competent authorities of the country.

**CHAPTER VIII**  
**SEPARATION OF LOCATION OF HEAD OFFICE AND**  
**CHANGE OF DIVISION**

**Article 54**

- (1) Separation of Bank's Head Office into two (2) offices, each conducting operational activities and non-operational activities separately may only be implemented if the office conducting operational activities becomes the Bank's Branch Office, whereas the office not conducting operational activities remains the Bank's Head Office.
- (2) Office separation as specified in paragraph (1) shall require the approval from the Governor of Bank Indonesia.
- (3) Office separation as specified in paragraph (1) must be implemented within one work area of Bank Indonesia.
- (4) The plan of separation as specified in paragraph (1) must be disclosed in the Bank's Business Plan.
- (5) The application for approval as specified in paragraph (2) shall be submitted by the Bank to Bank Indonesia not later than thirty (30) working days prior to office separation, with the enclosure of:
  - a. reason for office separation;
  - b. the planned location for the separated offices; and
  - c. operational preparation for the new office.

**Article 55**

- (1) For the purpose of approval or rejection to the application as specified in Article 54 paragraph (5), Bank Indonesia shall conduct:
  - a. scrutiny on the completeness and correctness of the documents;
  - b. feasibility study.
- (2) Approval or rejection to the application for approval as specified in paragraph (1) shall be given not later than thirty (30) working days after the application documents are received in complete order.
- (3) The approved separation of office as specified in paragraph (2) must be implemented not later than thirty (30) working days after the issuing date of approval from the Governor of Bank Indonesia.
- (4) Office separation must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the date of office separation.

- (5) If within the period as specified in paragraph (4), Bank does not implement the office separation, the issued approval shall become ineffective.

#### **Article 56**

- (1) Change of location of division/department from Head Office must be reported to Bank Indonesia not later than ten (10) working days after such change.
- (2) Change of location as specified in paragraph (1) must be implemented within one (1) work area of Bank Indonesia, unless otherwise approved by Bank Indonesia.

### **CHAPTER IX**

#### **CHANGE OF NAME, LOGO, LEGAL FORMAT, ARTICLES OF ASSOCIATION, AND BUSINESS ACTIVITIES**

##### **Part One**

##### **Change of Name of Bank**

#### **Article 57**

- (1) Change of name of Bank must be implemented in compliance with the prevailing regulation.
- (2) Bank that has obtained approval for the amendment of Article of Association related to the use of new name from the authorized institution must apply to Bank Indonesia for the approval on the use of business license of the Bank using the new name.
- (3) The application as specified in paragraph (2) shall be submitted by the Bank to Bank Indonesia not later than thirty (30) working days after the change of name, accompanied by:
  - a. reason for the change of name; and
  - b. deed of amendment of Articles of Association having been approved by the authorized institution.
- (4) Based on the application as specified in paragraph (3), Bank Indonesia shall give its approval on the change of name of the Bank not later than thirty (30) working days after the application documents are received in complete order.
- (5) Change of name of Bank must be announced in newspaper with national circulation not later than ten (10) working days after the date of approval from Bank Indonesia.

##### **Part two**

##### **Change of Logo of Bank**

#### **Article 58**

- (1) Change of logo of Bank must be reported to Bank Indonesia not later than thirty (30) working days prior to the change.

- (2) Change of logo as specified in paragraph (1) must be reported to Bank Indonesia not later than ten (10) working days after the change by enclosing the documents, among others the design of new logo.

### **Part Three**

#### **Change of Legal Format of Bank**

##### **Article 59**

- (1) Change of legal format of Bank must be implemented upon the approval from the Governor of Bank Indonesia.
- (2) Approval for the change of legal format of Bank as specified in paragraph (1) shall be made in two steps:
  - a. principal approval, that is the approval for the preparation of change of legal format of Bank; and
  - b. approval for transfer of business license, which is the approval given to transfer the business license from the old legal entity to the new legal entity.

##### **Article 60**

- (1) Application for principal approval for change of legal format of Bank as specified in Article 59 paragraph (2) point a shall be submitted by the Bank to Bank Indonesia prior to General Meeting of Shareholders or Membership Meeting to resolve the change of legal format of the Bank, and must be accompanied by:
  - a. minutes of General Meeting of Shareholders or Membership Meeting of the old legal entity approving the change of legal format and dissolution of the old legal entity;
  - b. reason of the change of legal format;
  - c. draft of establishment deed of the new legal entity including the Articles of Association;
  - d. plan of transfer of the whole rights and obligations from the old legal entity to the new legal entity;
  - e. list of members of Board of Commissioners and members of Board of Directors accompanied by the documents as specified in Article 7 paragraph (1) point c and Article 10 point c number 1 and number 3, in case of change; and
  - f. data of ownership as specified in Article 7 paragraph (1) point b accompanied by the documents as specified in Article 7 paragraph (2), in case of change.
- (2) For the purpose of approval or rejection to the application as specified in paragraph (1), Bank Indonesia shall conduct:
  - a. scrutiny on the completeness and correctness of the documents;

- b. Fit and Proper Test for prospective PSP, candidates for members of Board of Commissioners and candidates for members of Board of Directors.
- (3) Approval or rejection to the application as specified in paragraph (2) point a shall be given not later than thirty (30) working days after the application documents are received in complete order.
- (4) Principal approval as specified in paragraph (3) shall be effective for at the latest six (6) months after the date of approval.
- (5) In case Bank does not apply for transfer of business license within the period as specified in paragraph (4), the issued principal approval shall become ineffective.

### **Article 61**

- (1) Application for transfer of Bank's business license from the old legal entity to the new legal entity as specified in Article 59 paragraph (2) point b, shall be submitted by the Bank to Bank Indonesia, accompanied with:
  - a. establishment deed of the new legal entity including the Articles of Association that have been legalized by the authorized institution;
  - b. list of members of Board of Commissioners and members of Board of Directors including the documents as specified in Article 7 paragraph (1) point c and Article 10 point c number 1 and number 3, in case of change;
  - c. data of ownership as specified in Article 7 paragraph (1) point b including the documents as specified in Article 7 paragraph (2), in case of change; and
  - d. draft of official report of transferring the whole rights and obligations from the old legal entity to the new legal entity.
- (2) For the purpose of approval or rejection to the application as specified in paragraph (1), Bank Indonesia shall conduct:
  - a. scrutiny on the completeness and correctness of the documents;
  - b. Fit and Proper Test for prospective PSP, candidates for members of Board of Commissioners and candidates for members of Board of Directors, in case of change.
- (3) Approval or rejection to the application to the application for transfer of business license from the old legal entity to the new legal entity shall be given not later than thirty (30) working days after the application documents are received in complete order.
- (4) Dissolution of the old legal entity may only be implemented after:
  - a. Bank Indonesia approves the transfer of business license as specified in paragraph (3); and

- b. the transfer of the whole rights and obligations of the old legal entity to the new legal entity pursuant to the draft of official report as specified in paragraph (1) point d.
- (5) Change of Bank's legal format must be announced by the Bank in newspaper with national circulation not later than ten (10) working days after the date of approval from Bank Indonesia.

#### **Part Four**

##### **Change of Articles of Association and Other Documents**

###### **Article 62**

Bank must report to Bank Indonesia every change of Bank's Articles of Association not later than ten (10) working days upon the receipt of approval or the receipt of notification of change of Articles of Association from the authorized institution, provided that the change of Articles of Association has not been submitted as provided herein or any other provision of Bank Indonesia.

###### **Article 63**

- (1) Bank must submit the change of documents as specified in Article 7 paragraph (1) point f, point g and point h, at:
  - a. the end of every year in case of change; and
  - b. any time in case of change that is material in nature.
- (2) The documents as specified in paragraph (1) must be submitted by the Bank to Bank Indonesia not later than thirty (30) working days within the established period of time or pursuant to the period of time determined in separate provision stipulating the submission of such documents.

#### **Part Five**

##### **Conversion of Business Activities**

###### **Article 64**

Conversion of business activities from Conventional Commercial Bank to Commercial Bank conducting business activities under Sharia Principles and establishment of Bank conducting business activities under Sharia Principles by Commercial Bank shall refer to the provisions on Conversion of Business Activities from Conventional Commercial Bank to Commercial Bank Conducting Business Activities under Sharia Principles and Establishment of Bank Conducting Business Activities under Sharia Principles by Commercial Bank.

**CHAPTER X**  
**CLOSURE OF BANK OFFICE**

**Article 65**

- (1) Closure of domestic KC shall require the approval from the Governor of Bank Indonesia.
- (2) The plan of KC closure as specified in paragraph (1) must be disclosed in the Bank's Business Plan.
- (3) The provision as specified in paragraph (2) shall not be effective in case KC closure is implemented in compliance with the regulation of Bank Indonesia.

**Article 66**

- (1) Approval for KC closure as specified in Article 65 paragraph (1) shall be implemented in two steps:
  - a. principal approval, that is the approval for the preparation of KC closure; and
  - b. approval for closure, which is the approval to close KC.
- (2) Application for principal approval as specified in paragraph (1) point a shall be submitted by the Bank to Bank Indonesia and must be accompanied by:
  - a. reason of closure; and
  - b. measures taken for the settlement of all liabilities of KC to its customers and other parties.
- (3) Application for approval of closure as specified in paragraph (1) point b shall be submitted by the Bank to Bank Indonesia not later than six (6) months after the Bank receives the principal approval, and must be accompanied by:
  - a. the documents evidencing that the whole liabilities of Bank to other parties from both assets and liabilities sides have been settled; and
  - b. statement from the Board of Directors of Bank that the settlement measures for the whole KC liabilities to its customers and other parties have been completed and in case of claim at a later date it shall be for the responsibility of the Board of Directors for and on behalf of the Bank.
- (4) If it is deemed necessary, Bank Indonesia shall perform an audit to the Bank in order to examine the settlement of the whole liabilities of KC to be closed.
- (5) Approval or rejection to the application to the application for principal approval and for KC closure as specified in paragraph (2) and paragraph (3) shall respectively be given within the limit of not later than fifteen (15) working days after the application documents are received in complete order including the audit as specified in paragraph (4).



### **Article 67**

- (1) The approved office closure as specified in Article 66 paragraph (5) must be implemented not later than thirty (30) working days after the date of approval from Bank Indonesia.
- (2) Office closure as specified in paragraph (1) must be announced by Bank in newspaper with wide circulation in the domicile of the Bank not later than ten (10) working days after the date of approval of closure from the Governor of Bank Indonesia.
- (3) The approved office closure as specified in paragraph (1) must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the date of closure.
- (4) If within the period as specified in Article 66 paragraph (3), Bank does not apply for approval of KC closure, the issued principal approval shall become ineffective.
- (5) If within the period as specified in paragraph (1), Bank does not implement KC closure, the issued approval for closure shall become ineffective.

### **Article 68**

- (1) The plan of closing KCP or KF must be reported by the Bank to Bank Indonesia not later than thirty (30) working days before the closure of office, accompanied by:
  - a. reason for closure; and
  - b. measures taken for the settlement of obligations of KCP or KF to its customers and other parties.
- (2) Closure of KCP or KF must be implemented not later than thirty (30) working days after the date of confirmation letter from Bank Indonesia.
- (3) Closure of KCP or KF must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the date of closure, accompanied by:
  - a. the documents evidencing that the whole liabilities of Bank to other parties from both assets and liabilities sides have been settled; and
  - b. statement from Manager of the main KC that the settlement measures for the whole KC liabilities to its customers and other parties have been completed and in case of claim at a later date it shall be for the responsibility of Manager of the main KC for and on behalf of the Bank.
- (4) The plan of closure of KK or KPK must be disclosed by the Bank to Bank Indonesia in the Bank's Business Plan and such closure must be reported by the Bank to Bank Indonesia in the Realization Report of Bank's Business Plan on quarterly basis.

### **Article 69**

- (1) The plan of closure of Kanwil must be reported by the Bank to Bank Indonesia not later than thirty (30) working days prior to the date of closure, accompanied by reason for closure.
- (2) Closure of Kanwil must be disclosed by the Bank to Bank Indonesia in the Realization Report of Bank's Business Plan on quarterly basis.

### **Article 70**

- (1) Closure of KC, representative office and other types of office overseas must have the approval from the Governor of Bank Indonesia.
- (2) Application for approval as specified in paragraph (1) for KC and other types of office that is operational in nature shall be submitted by the Bank to Bank Indonesia, accompanied by:
  - a. reason for closure;
  - b. measures taken for the settlement of the whole office liabilities to its customers and other parties; and
  - c. measures taken for the approval of closure from the competent authorities of the country concerned.
- (3) Application for approval of closure as specified in paragraph (1) for representative office and other types of office that is not operational in nature shall be submitted by the Bank to Bank Indonesia, accompanied by reason for closure and measures taken for approval of closure from the singa2an of the country.
- (4) Approval or rejection to the application for approval as specified in paragraph (2) and paragraph (3) shall be given within the period of not later than thirty (30) working days after the application documents are received in complete order.
- (5) Closure of office overseas as specified in paragraph (2) and paragraph (3) must have the approval from the competent authorities of the country.
- (6) Closure of KC and other types of office that is operational in nature as specified in paragraph (5) must be reported by the Bank to Bank Indonesia not later than thirty (30) working days after the date of closure, accompanied by:
  - a. the documents evidencing that the whole liabilities of Bank to other parties from both assets and liabilities sides have been settled; and
  - b. statement from the Board of Directors of Bank that the settlement measures for the whole office liabilities to its customers and other parties have been completed and in case of claim at a later date it shall be for the responsibility of the Board of Directors for and on behalf of the Bank;
  - c. copy/photocopy of approval from the competent authorities of the country concerned.

- (7) Closure of representative office and other types of office that is not operational in nature as specified in paragraph (5) must be reported by the Bank to Bank Indonesia not later than ten (10) working days after the date of closure and must be accompanied by:
- a. statement from the Board of Directors of Bank that the settlement measures for the whole office liabilities to its customers and other parties have been completed and in case of claim at a later date it shall be for the responsibility of the Board of Directors for and on behalf of the Bank;
  - b. copy/photocopy of approval from the competent authorities of the country.

## **CHAPTER XI**

### **REVOCACTION OF BUSINESS LICENSE AT THE REQUEST OF SHAREHOLDERS**

#### **Article 71**

Governor of Bank Indonesia may revoke the business license of Bank at the request of its own shareholders.

#### **Article 72**

Bank that may be requested for revocation of its business license as specified in Article 71 is not being placed under special surveillance of Bank Indonesia as stipulated in the provision of Bank Indonesia regarding Supervisory Actions and Designation of Bank Status.

#### **Article 73**

Revocation of business license at the request of Bank's shareholders as specified in Article 71 may only be conducted by Bank Indonesia if the Bank has settled its liabilities to all of its customers and other creditors.

#### **Article 74**

Revocation of business license at the request of Bank's shareholders as specified in Article 71 shall be conducted in two (2) steps:

- a. approval for the preparation of revocation of business license;
- b. decision of revocation of business license.

#### **Article 75**

Application for approval for the preparation of revocation of business license as specified in Article 74 point a shall be submitted by the Board of Directors of the Bank to the Governor of Bank Indonesia and must be accompanied by:

- a. Minutes of General Meeting of Shareholders or Membership Meeting regarding the plan of Bank closure;
- b. reason for closure.
- c. settlement plan of the whole liabilities to its customers and other creditors;
- d. the latest financial statements; and
- e. proof of tax settlement based on the inspection from Tax Office for the last three (3) years prior to the date of application.

#### **Article 76**

Based on the application as specified in Article 75, Bank Indonesia shall issue the letter of approval for the preparation of revocation of Bank's business license, and require the Bank:

- a. to cease all business activities of the Bank;
- b. to announce the plan of dissolution of the Bank's legal entity and the settlement plan of Bank's liabilities in two (2) daily newspapers with wide circulation not later than ten (10) working days after the date of approval for the preparation of revocation of Bank's business license;
- c. to settle all of the Bank's liabilities without delay; and
- d. to assign a public accountant to verify the settlement of Bank's liabilities.

#### **Article 77**

- (1) If all the Bank's liabilities as specified in Article 76 point c have been settled, Board of Directors of the Bank shall apply for the revocation of Bank's business license to Bank Indonesia, enclosed with the report that shall at least include:
  - a. the cease of Bank's business activities;
  - b. the announcement as specified in Article 76 point b;
  - c. the settlement of Bank's liabilities;
  - d. verification report from public accountant for the settlement of Bank's liabilities; and
  - e. statement from the shareholders that the measures for the settlement of Bank's liabilities have been completed and in case of claim at a later date it shall be for the responsibility of the shareholders.
- (2) Based on the approval for revocation of business license as specified in paragraph (1), Bank Indonesia shall issue the Decision to revoke the Bank's business license and request the Bank to dissolve the legal entity pursuant to the prevailing rules and regulations.

- (3) As of the date of issuance of the revocation of business license, should there be at a later date unsettled liabilities, any of such liabilities shall be for the responsibility of the Bank's shareholders.

### **Article 78**

Status of the Bank's legal entity shall be removed as of the date of announcement of concluding the Bank's legal entity in the State Gazette.

## **CHAPTER XII**

### **SANCTION**

#### **Article 79**

- (1) Bank not complying with the provisions in Article 6, Article 13, Article 14, Article 15, Article 16, Article 19, Article 20, Article 22 paragraph (4), Article 24 paragraph (3), Article 25, Article 26 paragraph (1), Article 27 paragraph (1), Article 2 paragraph (1), Article 29, Article 30 paragraph (1) and paragraph (3), Article 33 paragraph (3), Article 34, Article 35 paragraph (1) and paragraph (2), Article 37 paragraph (1), paragraph (2), paragraph (3), and paragraph (4), Article 38 paragraph (1) and paragraph (2), Article 39 paragraph (1), paragraph (2), paragraph (3), and paragraph (4), Article 40 paragraph (1), paragraph (2), paragraph (4), paragraph (5), paragraph (6), paragraph (7), and paragraph (8), Article 41 paragraph (1), paragraph (2), and paragraph (4), Article 42 paragraph (1), paragraph (2), paragraph (3) and paragraph (5), Article 43 paragraph (1), Article 44, Article 45, Article 46, Article 47 paragraph (1), paragraph (2), and paragraph (5), Article 48, Article 49 paragraph (1), paragraph (2), and paragraph (3), Article 50 paragraph (4), Article 51 paragraph (1) and paragraph (2), Article 53 paragraph (1), paragraph (2), paragraph (3), and paragraph (5), Article 54 paragraph (2), paragraph (4), and paragraph (5), Article 55 paragraph (3), Article 56 paragraph (2), Article 57 paragraph (1), paragraph (2), and paragraph (3), Article 58 paragraph (1), Article 59 paragraph (1), Article 60 paragraph (1), Article 61 Article (4), Article 63 paragraph (1), Article 64, Article 65 paragraph (1) and paragraph (2), Article 68 paragraph (1), paragraph (2), and paragraph (4), Article 69 paragraph (1) and paragraph (2), Article 70 paragraph (1) and paragraph (5), Article 81, Article 82, Article 83, and Article 87 may be subject to administrative sanction pursuant to Article 52 of Banking Law Number 7 of 1992 as having amended by Law Number 10 of 1998.
- (2) Bank not complying with the provisions in Article 12 paragraph (2), Article 21, Article 22 paragraph (1), Article 23 paragraph (1), Article 24 paragraph (1) and paragraph (2), Article 30 paragraph (9) and paragraph (10), Article 31, Article 32 paragraph (1) and paragraph (3),

Article 33 paragraph (1), Article 36 paragraph (2), Article 38 paragraph (3), Article 40 paragraph (9), Article 41 paragraph (3), Article 43 paragraph (2), Article 47 paragraph (6), Article 50 paragraph (5), Article 53 paragraph (4) and paragraph (6), Article 55 paragraph (4), Article 56 paragraph (1), Article 57 paragraph (5), Article 58 paragraph (2), Article 61 paragraph (5), Article 62, Article 63 paragraph (2), Article 67 paragraph (2) and paragraph (3), Article 68 paragraph (3), Article 70 paragraph (6) and paragraph (7), Article 84, Article 85 and Article 86 may be subject to administrative sanction pursuant to Article 52 of Banking Law Number 7 of 1992 as having been amended by Law Number 10 of 1998, in form of:

- a. written warning and compulsion to pay Rp 1,000,000.00 (one million rupiah) per day of delay of submitting report and/or placing announcement for each report and/or announcement.
  - b. written warning and compulsion to pay Rp 30,000,000.00 (thirty million rupiah) if Bank does not submit report and/or does not place announcement.
- (3) Bank is declared as having not submitted report and/or placing announcement as specified in paragraph (2) point b if Bank has not submitted the report or Bank does not submitted the report in complete order, and/or has not placed announcement within thirty (30) working days after the deadline of report submission and/or placement of announcement.
  - (4) Imposition of sanction of written warning and compulsion to pay by reason of being declared as having not submitted report and/or placed announcement as specified in paragraph (3) shall not remove the bank obligation to submit the report and/or place the announcement.
  - (5) In case of submitting report and/or placing announcement on consolidated basis then if sanction is imposed on Bank as specified in paragraph (2), the intended sanction shall be reckoned according to the number of reports and/or announcements as mentioned in the consolidated report/announcement.
  - (6) Any party not complying with the provisions of Article 2 and Article 4 paragraph (1) may be subject to criminal sanction pursuant to Article 46 of Banking Law Number 7 of 1992 as having been amended by Law Number 10 of 1998.

## **CHAPTER XII**

### **OTHERS**

#### **Article 80**

Arrangements for Bank's branch office, sub-branch office, and Representative Office domiciled overseas shall be regulated in separate provisions.

#### **Article 81**

- (1) Application for license or report submitted by Bank to Bank Indonesia must be made in Indonesian language.
- (2) Implementation guidelines and operational documents of Bank must be prepared at least in Indonesian language.

#### **Article 82**

Bank must guarantee the accuracy of documents submitted to Bank Indonesia.

#### **Article 83**

- (1) The plan of Bank and/or part of Bank offices to operate outside operating days, during holiday and/or not operating on working days must be reported to Bank Indonesia not later than ten (10) working days prior to implementation of the plan.
- (2) The plan of Bank not to operate on working days must be announced to public.

#### **Article 84**

Bank must submit the minutes of General Meeting of Shareholders or Membership Meeting to Bank Indonesia not later than fourteen (14) working days after the General Meeting of Shareholders has been convened, provided that such minutes have not been submitted to complete the documents specified in this provision or any other provisions of Bank Indonesia.

#### **Article 85**

Bank must submit report regarding the number and address of the types of offices or activities of Bank in the form of Kanwil, KC, KCP, KK/KPK, KF, and PPE for the position of 31 December 2008, not later than the end of the first quarter of 2009.

### **CHAPTER XIV**

#### **CONCLUDING PROVISION**

#### **Article 86**

Further provisions regarding Commercial Bank shall be provided in Circular of Bank Indonesia.

### **CHAPTER XV**

#### **TRANSITIONAL PROVISION**

#### **Article 87**

KK conducting the activities not corresponding to the business activities as specified in Article 39 must adjust its activities, at the latest the end of 2009.

## **Article 88**

With the issuance of this Regulation of Bank Indonesia:

- a. Circular No. 11/30 UM/PU dated 27 August 1963 regarding Closing your Bank on the days that are not official holiday or Sunday;
- b. Circular No. 23/3/BPPB dated 13 September 1990 regarding Permit for Change of Working Hours;
- c. Articles related to the revocation of bank's business license at the request of its own shareholders for Commercial Bank excluding the Bank's Branch Office domiciled overseas as specified in Decision of the Board of Directors of Bank Indonesia No 32/53/ KEP/DIR dated 14 May 1999 regarding Revocation of Business License, Dissolution and Liquidation of Commercial Bank; and
- d. Regulation of Bank Indonesia No. 2/27/PBI/2000 dated 15 December 2000 regarding Commercial Bank;

are revoked accordingly and declared as ineffective.

## **Article 89**

This Regulation of Bank Indonesia starts to be effective as of the date of stipulation.

For the purpose of public knowledge, it is ordered that the enactment of this Regulation of Bank Indonesia be published in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

Dated 27 January 2009

GOVERNOR OF BANK INDONESIA,

Signed

BOEDIONO



Enacted in Jakarta

Dated 27 January 2009

MINISTER OF LAW AND HUMAN RIGHTS  
OF THE REPUBLIC OF INDONESIA

ANDI MATTALATA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2009 NO. 27  
DPNP

**ELUCIDATION  
OF  
REGULATION OF BANK INDONESIA  
NUMBER: 11 / 1/ PBI / 2009  
REGARDING  
COMMERCIAL BANK**

**GENERAL**

In order to support the implementation of national development for improvement of equity, economic growth, and national stability, it requires the existence of banking national that is strong, sound and adaptable to the objective and direction of economic development. Consequently, it is necessary to have some adjustments to banking policies which is expected to improve and strengthen national banking resilience. Such banking policies, which are comprehensive, transparent and containing legal certainty, inter alia, relate to the arrangement of ownership, management, establishment of office bank and network expansion, change of Bank's business activities and bank legal entity, as well as revocation of business license at its own request.

Pursuant to the effective rules and regulations, Bank Indonesia has the duty and authority to enact regulations, issue and revoke licenses for incorporation and specific Bank activities, conduct Bank supervision and impose sanctions on Bank not complying with the prevailing banking regulations. For the implementation of its duty and authority, Bank Indonesia, inter alia, keeps taking into consideration the factors of Bank's capacity, prudential banking principles, level of fair competition, saturation level of numbers of Banks, equity in national economic development, feasibility of Bank's business plan, and capacity and/or suitability of Bank's owner, management and officers.

From banking industry point of view, the competitive condition which is getting tougher compels the national banking to move faster, more dynamic and integrated in creating opportunities of synergy and efficiency, with the focus on the expansion of product/service, market and network, yet remains with efforts to improve the service to customers.

In this Regulation, Bank Indonesia provides the liberty of Bank's establishment, in particular to expand the scope of customer service, taking into consideration that expansion of Bank's network will improve the service to customers. It is expected that it will not disturb the financial condition of Bank, especially the capital in the future. Other than that, in general expansion of Bank's office network keeps observing the saturation level of numbers of Banks, level of fair

competition among Banks, and equity level in national economic development, besides the financial condition of the Bank itself.

## **ARTICLE BY ARTICLE**

### **Article 1**

Self explanatory

### **Article 2**

Mobilizing public funds by anybody basically is the activity requiring supervision, considering that such activity involves the interest of public whose funds are maintained with the party mobilizing such funds. In this connection, this Article confirms that mobilizing funds from public inform of savings may only be conducted by the party having obtained the business license as Commercial Bank or Rural Bank.

However, there are other types of public institutions conducting the activity of mobilizing public funds in form of savings or some kind of savings, such as conducted by post office, pension funds, or insurance company. The activities of such institutions are not included as Banking business activity under the provision of this Article. The activity of mobilizing public funds conducted by such institutions shall be regulated in separate Law.

### **Article 3**

Point a

Included in the legal format of Limited Liability Company is *Perusahaan Perseroan (PERSERO)* as specified in the prevailing rules and regulations.

Point b

Self explanatory

Point c

Self explanatory

### **Article 4**

Self explanatory

### **Article 5**

Paid up capital of Rp 3,000,000,000,000.00 (three trillion rupiah) specified herein is the deposit made in cash outside deposit in other form that may be allowed by the prevailing rules and regulations.

Paid up capital for Bank with legal format of Cooperative is principal deposit, obligatory savings and grant as specified in Cooperative Law.

## **Article 6**

Self explanatory

## **Article 7**

Paragraph (1)

One of the prospective owners shall represent the other owners. For the implementation, application may be submitted by PSP or majority of shareholders.

Point a

Number 1

Self explanatory

Number 2

Self explanatory

Number 3

Self explanatory

Number 4

One of the matters to be included in Articles of Association involves ownership, inter alia, that Bank's shareholders must fulfill the requirements as provided in the prevailing regulation of Bank Indonesia.

Number 5

Self explanatory

Number 6

Self explanatory

Point b

Data of ownership must clearly include the structure of share ownership up to ultimate shareholders and beneficial owners (if any).

Point c

Number 1

Self explanatory

Number 2

Self explanatory

Number 3

Included in the documents enclosed to Curriculum Vitae is the statement or written reference from the company of previous employments regarding the experience in banking operations of candidates for members of Board of Directors or candidates for members of Board of Commissioners who have experience, if any.

Number 4

Self explanatory

Number 5

The term of “date of application” is the date when prospective owner submits the application for Bank establishment.

Number 6

Such statement or written proof may be in form of letter of reference.

Point d

Composition and structure of organization and personnel, inter alia, covers the organization chart, line of responsibility both horizontal and vertical, including the positions and names of personnel at least up to the level of Executive Office.

Point e

Self explanatory

Point f

Corporate Plan, inter alia, includes Bank’s strategic plans for medium term (about three years) and long term (about five years) in the framework of achievement of Bank’s target.

Point g

Preparation of guidelines and plan as specified herein refers to the respective provision.

Point h

Included in the system and work procedure is a complete and comprehensive guideline (manual) to be used for Bank’s operational activities.

Point i

In the event that Bank is established by the Government then the provision regarding proof of capital payment and procedure of capital payment is provided pursuant to the prevailing rules and regulations.

Point j

In the event of Bank's prospective shareholders with legal format, then personal statement is prepared and submitted by the management having the authority to represent the legal entity concerned.

Number 1

The meaning of other party includes, inter alia, non-bank financial institution, finance company or corporation.

The meaning of other party is not included Central Government, Provincial Government, or other institution being assigned by the government to rescue Bank.

Number 2

Self explanatory

Paragraph (2)

Point a

Number 1

Self explanatory

Number 2

Documents and/or statement intended herein are inter alia, the statement from prospective PSP, stating the good faith and readiness to exert any necessary efforts if Bank encounters capital or liquidity problem.

Point b

Number 1

Self explanatory

Number 2

Self explanatory

Number 3

Self explanatory

Number 4

Self explanatory

Number 5

Self explanatory

Number 6

The obligation to submit data on the structure of business group is excepted in case Bank owner is Central Government or Provincial Government.

If there is another owner, then the obligation to submit the structure of business group shall be effective to such other owner.

#### Number 7

Documents and/or statements specified herein are, inter alia, statement from prospective PSP stating the good faith and readiness to exert any necessary efforts if Bank encounters capital or liquidity problem.

Statement from prospective PSP with legal format is prepared and submitted by the management having the authority to represent the legal entity concerned.

In the event that Bank represents part of the ownership of a business group, the statement is also submitted by the ultimate controlling shareholders or the parties that are based on the evaluation of Bank Indonesia have direct or indirect control of the whole business group.

Ultimate shareholders hereinafter referred to as *PSPT* is an individual or a legal entity directly or indirectly holding the shares and representing the ultimate shareholder of a Bank and/or the overall structure of business group that controls a Bank.

#### Point c

##### Number 1

Self explanatory

##### Number 2

Self explanatory

##### Number 3

The term of “Budget of Revenue and Expense” is the State Budget (APBN) in the case of Central Government or the Regional State Budget in case of Provincial Government.

##### Number 4

Documents and/or statement specified herein are inter alia statement from prospective PSP stating the good faith and readiness to exert any necessary efforts if Bank encounters capital or liquidity problem.

### **Article 8**

#### Paragraph (1)

Self explanatory

#### Paragraph (2)

##### Point a

If it is deemed necessary for examination purpose on the completeness and accuracy of documents, Bank Indonesia may perform an audit.

Point b

Self explanatory



Point c

Fit and Proper Test is conducted pursuant to the prevailing provision of Bank Indonesia.

Paragraph (3)

Self explanatory

## **Article 9**

Self explanatory

## **Article 10**

Point a

Self explanatory

Point b

Self explanatory

Point c

Number 1

Self explanatory

Number 2

Self explanatory

Number 3

In case the Limited Resident's Permit (KITAS) or Permanent Resident's Permit (KITAP), or work permit is still in process, Bank may, on temporary basis, submit a statement or proof of processing document from the authorized institution. The issued Limited Resident's Permit (KITAS) or Permanent Resident's Permit (KITAP), or work permit is submitted when reporting the appointment of the person concerned.

Point d

Self explanatory

Point e

In case Bank is established by the Government, the provisions regarding proof of capital payment and procedure of capital payment are pursuant to the prevailing rules and regulations.

Point f

Self explanatory

Point g

For Bank's prospective shareholder with legal format, the statement is prepared and submitted by the board of directors/management having the authority to represent the legal entity concerned.

Number 1

The term of "other party" includes, inter alia, non-bank financial institution, finance company or corporation.

The meaning of other party is not included Central Government, Provincial Government, or other institution being assigned by the government to rescue Bank.

Number 2

Self explanatory

Point h

Self explanatory

Point i

Self explanatory

Point j

Self explanatory

Point k

Self explanatory

## **Article 11**

Paragraph (1)

Self explanatory

Paragraph (2)

Point a

If it is deemed necessary for examination purpose on the completeness and accuracy of documents, Bank Indonesia may perform an audit.

Point b

Fit and Proper Test is conducted pursuant to the prevailing provision.

## **Article 12**

Self explanatory

## **Article 13**

### Paragraph (1)

Self explanatory

### Paragraph (2)

Insertion of Bank's name related to the use of logo is intended to clarify customers as to with whom they are dealing with.

The requirement to insert Bank's name related to the use of logo is inter alia, in form of promotion of Bank's products, correspondence, signboard of Bank office.

The requirement does not include the use of logo for the interest of business group identity.

## **Article 14**

### Point a

The meaning of other party includes, inter alia, non-bank financial institution, finance company or corporation.

The meaning of other party is not included Central Government, Provincial Government, or other institution being assigned by the government to rescue Bank.

### Point b

Self explanatory

## **Article 15**

### Paragraph (1)

The definition of net own capital for:

- a. legal format of Limited Liability Company/Provincial Corporation is the totaling of paid up capital, reserve and profit, deducted by investment and loss;
- b. legal format of Cooperative is the totaling of principal saving, obligatory saving, grant, equity capital, reserve funds, and surplus, deducted by investment and loss;
- c. other legal format is the calculation of net own capital or equity pursuant to the type of legal entity concerned.

### Paragraph (2)

Self explanatory

## **Article 16**

Not included in other party is the authorities or authorized institution conducting recovery and/or rescue of Bank, including any other institution assigned by the authorities to conduct the recovery and/or rescue of Bank.

## **Article 17**

Self explanatory

## **Article 18**

Paragraph (1)

The meaning of parties is an individual and/or a legal entity.

For PSP with legal format, the meaning of PSP is up to the ultimate PSP of the legal entity concerned.

In case the legal entity of shareholders of Bank is owned and controlled by legal entity in tiers in a business group, thus the ultimate PSP is the individual or legal entity directly or indirectly owning the shares of Bank and representing the ultimate controller of the overall structure of business group controlling Bank.

Ultimate Shareholders hereinafter referred to as *PSPT* is individual or legal entity that directly or indirectly owns the shares of Bank and representing the ultimate controller of Bank and/or the overall structure of business group controlling Bank.

In case the ultimate legal entity of the overall structure of business group controlling the Bank has no controller, thus such legal entity is the *PSPT*. Parties that may represent *PSPT* with such legal entity is the parties pursuant to the Articles of Association are authorized to represent such legal entity.

Paragraph (2)

Document and/or statement intended herein are inter alia, the statement from prospective PSP, stating the good faith and readiness to exert any necessary efforts if Bank encounters capital or liquidity problem.

Paragraph (3)

Self explanatory

## **Article 19**

Self explanatory

**Article 20**

Self explanatory

**Article 21**

Self explanatory

**Article 22**

Paragraph (1)

Self explanatory

Paragraph (2)

The meaning of the change of composition of ownership herein is the change in nominal amount and/or percentage of ownership.

Addition to paid up capital originated from the realization of *Management Stock Option Program* (MSOP) and addition to capital of Regional Development Bank (BPD) may be reported on quarterly basis.

Paragraph (3)

Change of composition of ownership that does not change the amount of paid up capital is due to, inter alia, sale and purchase of shares, grant or legacy of shares among the previous owners, and direct purchase of shares of Bank that is not a public company.

Paragraph (4)

Self explanatory

**Article 23**

Self explanatory

**Article 24**

Self explanatory

**Article 25**

Self explanatory

**Article 26**

Self explanatory

## **Article 27**

Self explanatory

## **Article 28**

Self explanatory

## **Article 29**

The term of “other related provision of Bank Indonesia” inter alia is:

- a. The provision on *Good Corporate Governance* for Commercial Bank, and
- b. The provision on Utilization of Foreign Workers and Transfer of Knowledge Program.

## **Article 30**

Paragraph (1)

This provision is also effective for position transfer of member of Board of Directors to member of Board of Commissioners or the reverse.

Especially for member of Board of Directors who becomes Compliance Director, the procedure for approval of such member of Board of Directors is also guided by Bank Indonesia’s regulation regarding Compliance Director and Standards for Internal Audit Function of the Bank.

Paragraph (2)

Self explanatory

Paragraph (3)

The term of “the prevailing rules and regulations” is among others:

- a. Law regarding Limited Liability Company;
- b. Law regarding Provincial Corporation; and
- c. Other legislations.

Paragraph (4)

Self explanatory

Paragraph (5)

Self explanatory

Paragraph (6)

By this provision, the appointment of candidates for members of Board of Commissioners or members of Board of Directors must be conducted not later than 6 months after the receipt of Bank Indonesia’s approval.

Paragraph (7)

Self explanatory

Paragraph (8)

Self explanatory

Paragraph (9)

Self explanatory

Paragraph (10)

Self explanatory

### **Article 31**

The term of “effective date of discharge and/or resignation” is that after the discharge and/or resignation the person concerned obtains the approval from General Meeting of Shareholders or Membership Meeting, transfer of position or following the mechanism set forth in the Articles of Association.

### **Article 32**

Paragraph (1)

Self explanatory

Paragraph (2)

Self explanatory

Paragraph (3)

The term of “having negative track record” is among others:

1. included in Disqualified List (DTL) of Fit and Proper Test; and
2. included in List of Bad Loan (DKM);

Disqualified List and List of Bad Loan are the list of bank supervision administered by Bank Indonesia.

Information for the evaluation base of track record may be derived from the result of supervision of Bank Indonesia or any other resources.

### **Article 33**

Paragraph (1)

Point a

Post vacancy may occur, among others, due to the transfer, resignation, discharge or permanently absence of the previous Executive Officer,

Point b

The term of “cannot carry out the assignment” is among others due to the person concerned being on vacation, performing the pilgrimage in Mecca, joining education, or in poor health.

Paragraph (2)

Self explanatory

Paragraph 93)

Self explanatory

**Article 34**

The term of “the prevailing regulation” is among others:

- a. Law regarding Manpower and its implementation regulations;
- b. Law regarding Immigration and its implementation regulations;
- c. Regulation of Bank Indonesia regarding Utilization of Foreign Workers and Transfer of Knowledge Program in Banking Sector.

**Article 35**

Paragraph (1)

Self explanatory

Paragraph (2)

Self explanatory

Paragraph (3)

Point a

Self explanatory

Point b

In case Bank is using office building on lease, on temporary basis the office preparation documents for operational plan may be in form of office lease agreement. The lease agreement may be submitted later when Bank is reporting the implementation of office establishment as specified in Article 38 paragraph (2).

Point c

Self explanatory

Point d

The intended Business Plan shall at least include the plan of mobilization and distribution of funds, achievement strategy and financial projection of KC.



Paragraph (4)

In case Bank has KC that is not directly responsible to Head Office, thus the responsibility and delegation mechanism of authority must be clearly arranged.

Paragraph (5)

Point a

If it is deemed necessary, Bank Indonesia may have an inspection in order to examine the readiness of office establishment and the accuracy of documents submitted.

Bank Indonesia's inspection related to operational readiness may cover, inter alia, KC location, proof of ownership/office lease, space readiness including treasure chamber, inventory list of fixed assets, organization structure and human resources of branch office and information regarding telecommunication network, and forms to be used.

Point b

Self explanatory

Point c

Self explanatory

Paragraph (6)

Self explanatory

**Article 36**

Self explanatory

**Article 37**

Self explanatory

**Article 38**

Self explanatory

**Article 39**

Paragraph (1)

KK or KPK functions on limited basis for payment and deposit facilities in providing funds (such as loan disbursement to customer) and/or mobilization of funds from customers. Consequently, KK or KPK is not authorized to conduct analysis and make decision in the process of providing funds (providing loan) to customers.

Paragraph (2)

Self explanatory

Paragraph (3)

Self explanatory

Paragraph (4)

Self explanatory

Paragraph (5)

Self explanatory

Paragraph (6)

Self explanatory

#### **Article 40**

Paragraph (1)

Self explanatory

Paragraph (2)

Self explanatory

Paragraph (3)

Point a

Operational activities conducted by Functional Office are among others as loan center and card center.

Point b

Non operational activities conducted by Functional Office are among others marketing representative office and IT center.

Paragraph (4)

Self explanatory

Paragraph (5)

Self explanatory

Paragraph (6)

Self explanatory

Paragraph (7)

Self explanatory

Paragraph (8)

Self explanatory

Paragraph (9)

Self explanatory

## **Article 41**

### Paragraph (1)

Self explanatory

### Paragraph (2)

#### Point a

Self explanatory

#### Point b

Self explanatory

#### Point c

Taking into consideration that Kanwil basically conducts administrative and coordinative functions, thus if Kanwil is also authorized to approve the provision of funds by KC under its coordination, such authority must be disclosed in the documents regarding duty and authority of Kanwil.

### Paragraph (3)

Self explanatory

### Paragraph (4)

Consequently, Bank Indonesia provision effective for KC is also effective for the type of Kanwil conducting operational activities.

## **Article 42**

Self explanatory

## **Article 43**

Self explanatory

## **Article 44**

Insertion of name and type of Bank office may be conducted, among others by signboard and/or on the wall or front glass door of Bank office, so that it is clearly visible to customers.

For example:

1. PT Bank XXX  
Branch Office of YYY
2. PT Bank XXX  
Sub Branch Office of YYY

## **Article 45**

The term of “change of Bank status” is upgrading or downgrading of type of Bank office. On structural basis, the hierarchy of Bank office from the top to the lowest after Head Office is Kanwil, KC, KCP, and KPK. While KF can have separate responsibility in the hierarchy according to its function, though in term of administration and bookkeeping KF refers to its main office.

## **Article 46**

Example:

Upgrading status from KCP to KC is conducted in compliance with the requirement for KC establishment. Then, Bank Indonesia shall issue the license for KC and accordingly the status of Bank office is changed from KCP to KC without having to close KCP.

## **Article 47**

Paragraph (1)

Self explanatory

Paragraph (2)

Self explanatory

Paragraph (3)

Self explanatory

Paragraph (4)

By the approval for downgrading status of KC to KCP, KK or KPK, the license for KC is revoked accordingly.

Paragraph (5)

Self explanatory

Paragraph (6)

Self explanatory

## **Article 48**

Paragraph (1)

Example:

Conversion of Loan Center Function Office to KC is conducted in compliance with the requirements and procedure for KC establishment. Then, Bank Indonesia shall issue the license for KC and accordingly the status of Bank office is changed from KF to KC without having to close KF.

Paragraph (2)

Example:

Conversion of Loan Center Functional Office to KK or KPK is conducted in reference to the procedure of downgrading KCP to KK or KPK.

Paragraph (3)

Self explanatory

Paragraph (4)

Self explanatory

## **Article 49**

Paragraph (1)

In case Bank is moving the Head Office to a new location and the previous location is changed to KC, then the change of address of the head office shall comply with the provision specified herein, while for KC in the previous location shall comply with the provision on KC establishment as specified in Article 35 and Article 36.

Paragraph (2)

Self explanatory

Paragraph (3)

Self explanatory

Paragraph (4)

Point a

In case Bank is using a leased office building, then on temporary basis the documents for operational preparation of office building may be in form of a note of agreement on office lease. The lease agreement is submitted when Bank reports the implementation of moving the office address s specified in Article 49 paragraph (5).

Point b

Self explanatory

Point c

Self explanatory

Paragraph (5)

Point a

The term of “adjacent place” is the location within a radius of 5 km.

Point b

Self explanatory

Point c

Self explanatory

## **Article 50**

Paragraph (1)

Self explanatory

Point a

If it is deemed necessary, Bank Indonesia may have an inspection in order to examine the preparation of moving office address and the accuracy of documents submitted.

Point b

Self explanatory

Paragraph (2)

Self explanatory

Paragraph (3)

Self explanatory

Paragraph (4)

Self explanatory

Paragraph (5)

Self explanatory

Paragraph (6)

Self explanatory

## **Article 51**

Paragraph (1)

Self explanatory

Paragraph (2)

Self explanatory

Paragraph (3)

Point a

In case Bank is using a leased office building, then on temporary basis the documents for operational preparation of office building may be in form of an agreement for office lease. The lease agreement is submitted when Bank reports the implementation of moving the office address as specified in Article 53 paragraph (4), paragraph (5), or paragraph (6), pursuant to the type of the moving office.

Point b and Point c

Self explanatory

## **Article 52**

Paragraph (1)

Self explanatory

Paragraph (2)

Point a

The term of “adjacent place” is the location at the farthest by 5 km from the previous location.

Point b

Self explanatory

Point c

Self explanatory

Paragraph (3)

Self explanatory

## **Article 53**

Paragraph (1)

Self explanatory

Paragraph (2)

Self explanatory

Paragraph (3)

Announcement of the change of KPK address can be affixed on a place visible to customers such as on the office front glass door or at ATMs.

Paragraph (4)

Self explanatory

Paragraph (5)

Self explanatory

Paragraph (6)

Self explanatory

## **Article 54**

Paragraph (1)

Example:

If the location of Bank's KC is originated from the separation of Head Office located at the same location with Head Office, such KC may be referred to as Main Branch Office (*KCU*).

Paragraph (2)

Self explanatory

Paragraph (3)

Self explanatory

Paragraph (4)

Self explanatory

Paragraph (5)

Self explanatory

## **Article 55**

Paragraph (1)

Point a

If it is deemed necessary, Bank Indonesia may have an inspection in order to examine the preparation of office separation and the accuracy of documents submitted.

Point b

Self explanatory

Paragraph (2)

Bank Indonesia's approval includes the approval of office separation and licensing for new KC establishment. The licensing for KC establishment is granted automatically because the activities of such KC is the conversion from the operational activities which has so far been conducted by the Bank's Head Office. By the licensing of new KC establishment, accordingly Bank's Head Office stops conducting operational activities as KC.

Paragraph (3)

Self explanatory

Paragraph (4)

Self explanatory

Paragraph (5)

Self explanatory



## **Article 56**

Self explanatory

## **Article 57**

Paragraph (1)

Not included in the change of name of Bank is the insertion or deletion of Tbk. status after the Bank's name.

Paragraph (2)

Self explanatory

Paragraph (3)

Self explanatory

Paragraph (4)

Self explanatory

Paragraph (5)

Self explanatory

## **Article 58**

Self explanatory

## **Article 59**

Self explanatory

## **Article 60**

Paragraph (1)

Self explanatory

Paragraph (2)

Point a

If it is deemed necessary, for examination purpose on the accuracy of documents, Bank Indonesia may perform an inspection.

Point b

The provisions on materials, procedure and evaluation on prospective PSP, candidates for members of Board of Commissioners and candidates for members of Board of Directors are subject to Bank Indonesia Regulation regarding Fit and Proper Test.

Paragraph (3)

Self explanatory

Paragraph (4)

Self explanatory

Paragraph (5)

Self explanatory

## **Article 61**

Paragraph (1)

Self explanatory

Paragraph (2)

Point a

If it is deemed necessary, for examination purpose on the accuracy of documents, Bank Indonesia may perform an inspection.

Point b

The provisions on materials, procedure and evaluation on prospective PSP, candidates for members of Board of Commissioners and candidates for members of Board of Directors are subject to Bank Indonesia Regulation regarding Fit and Proper Test.

Paragraph (3)

Self explanatory

Paragraph (4)

Self explanatory

Paragraph (5)

Self explanatory

## **Article 62**

Bank's Report on the change of Articles of Association to Bank Indonesia is accompanied by the photocopy of the change of Articles of Association.

The term of "the provision herein or any other provision of Bank Indonesia" is, inter alia, Article 21, Article 22, Article 24, Article 57, Article 60, Article 61 hereof or the provision specifying on merger, consolidation and acquisition of Commercial Bank.

## **Article 63**

Self explanatory

## **Article 64**

Business activity under Sharia Principles is banking activity conducted under Sharia Principles as specified in Article 1 number 13 of Banking Law No. 7 of 1997 as amended by Law No. 10 of 1998.

## **Article 65**

Self explanatory

## **Article 66**

Paragraph (1)

Self explanatory

Paragraph (2)

Self explanatory

Paragraph (3)

Liabilities to customer and other party may be settled, inter alia, by transferring the whole liabilities to Bank or other party upon the approval of customer or other party.

The proof of settlement of liabilities to customer is in form of balance sheet of KC indicating that the whole liabilities of KC to customer and other party have been settled.

Point a

Proof of settlement of the whole liabilities of Bank to other parties from both assets and liabilities sides may be in form of:

- a. Funds in custody which may be withdrawn at any time by the customer;
- b. Transfer of loan to other parties including Head Office or any other Branch Office;
- c. Balance sheet of Branch Office; and/or
- d. Other supporting documents.

Point b

Self explanatory

Paragraph (4)

Self explanatory

Paragraph (5)

Self explanatory

## **Article 67**

Self explanatory

## **Article 68**

### Paragraph (1)

Self explanatory

### Paragraph (2)

Self explanatory

### Paragraph (3)

Liabilities to customers and other parties may be settled, inter alia, by transferring the whole liabilities to Bank or other parties.

#### Point a

Proof of settlement of the whole liabilities of Bank to other parties from both assets and liabilities sides may be in form of:

- a. Funds in custody which may be withdrawn at any time by the customer;
- b. Transfer of loan to other parties including Head Office or any other Branch Office;
- c. Balance sheet of Branch Office; and/or
- d. Other supporting documents.

### Paragraph (4)

Self explanatory

## **Article 69**

Self explanatory

## **Article 70**

### Paragraph (1)

Self explanatory

### Paragraph (2)

Self explanatory

### Paragraph (3)

Self explanatory

### Paragraph (4)

Self explanatory

### Paragraph (5)

Application for approval to the competent authorities of the country is conducted upon the approval from Bank Indonesia.

#### Paragraph (6)

Liabilities to customers and other parties may be settled, inter alia, by transferring the whole liabilities to Bank or other party upon the approval of customers or other parties.

Proof of settlement of liabilities to customers is in form of balance sheet of Branch Office and other types of office that are operational in nature, indicating that the whole liabilities of Branch Office and other types of office that are operational in nature to customers and other parties have been settled.

#### Point a

Proof of settlement of the whole liabilities of Bank to other parties from both assets and liabilities sides may be in form of:

- a. Funds in custody which may be withdrawn at any time by the customer;
- b. Transfer of loan to other parties including Head Office or any other Branch Office;
- c. Balance sheet of Branch Office; and/or
- d. Other supporting documents.

#### Point b

Self explanatory

#### Point c

Self explanatory

#### Paragraph (7)

Self explanatory

#### **Article 71**

Self explanatory

#### **Article 72**

Self explanatory

#### **Article 73**

Self explanatory

#### **Article 74**

Self explanatory

## **Article 75**

### Point a

Minutes of General Meeting of Shareholders or Membership Meeting shall at least include the resolution of dissolution of legal entity and instruction to the board of directors to settle the liabilities of Bank.

### Point b

Self explanatory

### Point c

Self explanatory

### Point d

Self explanatory

### Point e

Self explanatory

## **Article 76**

### Point a

Self explanatory

### Point b

Self explanatory

### Point c

Settlement of liabilities includes, inter alia, the settlement of liabilities to creditor, payment of salary payable, payment of office expenses, tax payable and other relevant expenses.

### Point d

Self explanatory

## **Article 77**

### Paragraph (1)

#### Point a

Self explanatory

#### Point b

Self explanatory

Point c

Settlement of Bank's liabilities includes the provision of cash for deposit in custody with Commercial Bank in Indonesia for the settlement of tax payable and non-collected funds of customers.

Point d

Self explanatory

Point e

Self explanatory

Paragraph (2)

For the purpose of approval for revocation of business license, Bank Indonesia shall observe the result of audit on the Bank concerned to ensure its compliance with the requirements as specified in Article 76.

Paragraph (3)

The term of "unsettled liabilities to customers" as specified herein is, inter alia, the liabilities to debtor regarding the remaining collateral maintained by Bank, or other tax liability.

**Article 78**

Self explanatory

**Article 79**

Paragraph (1)

Self explanatory

Paragraph (2)

Report is stated as received by Bank Indonesia if it is delivered complete with the required data, information and/or documents pursuant to the type of the report.

- a. Date of receipt of report by Bank Indonesia is the date on the time stamp, if the report is delivered by P.T. Pos Indonesia; or
- b. Receipt of report in the Office of Bank Indonesia, if the report is delivered directly by Bank or sent through delivery service company other than P.T. Pos Indonesia.

Point a

Total amount of sanction to be paid is calculated as follows:

Total amount to be paid = total days of delay x Rp1,000,000.00 x total report/announcement

Point b

Total amount of sanction to be paid is calculated as follows:

Total amount to be paid = Rp30,000,000.00 x total report/announcement

Bank imposed on the sanction for not submitting report, is not subject to sanction for delay of submitting report.

Paragraph (3)

Self explanatory

Paragraph (4)

Self explanatory

Paragraph (5)

Self explanatory

Paragraph (6)

Self explanatory

**Article 80**

Self explanatory

**Article 81**

Paragraph (1)

Self explanatory

Paragraph (2)

Pursuant to this paragraph, the guidelines and operational documents of Bank may be written in more than one (1) language, which one of them is Indonesian language.

**Article 82**

Documents specified herein include the documents issued by related institution or third party.

**Article 83**

Self explanatory

**Article 84**

The term of “this provision or any other provision of Bank Indonesia” is, inter alia, Article 21, Article 22, Article 24, Article 60 and Article 75 hereof or the provision specifying on merger, consolidation and acquisition of Commercial Bank.



**Article 85**

Self explanatory

**Article 86**

In providing funds to customers, KK only functions on limited basis as payment facility. Consequently, KK is not authorized to conduct analysis and make decision in the process of providing funds to customers.

Activity adjustment may be conducted by upgrading the status of KK to KCP as specified in Article 45 or by adjusting the activity as payment facility.

**Article 87**

Self explanatory

**Article 88**

Self explanatory

**Article 89**

Self explanatory

SUPPLEMENT TO STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 4976  
DPNP