

ACT OF THE REPUBLIC OF INDONESIA
NUMBER 24 OF 1999
CONCERNING
THE FOREIGN EXCHANGE ACTIVITIES AND
EXCHANGE RATE SYSTEM

WITH THE BLESSING OF GOD ALMIGHTY
PRESIDENT OF THE REPUBLIC OF INDONESIA

- Considering:
- a. that the continuity of the national development must be maintained based on equal justice and aimed at the establishment of the national economy which is equitable among the people, independent, reliable and competitive in the world economy, with the support of a foreign exchange system and exchange rate system conducive to the attainment of monetary stability so as to establish a just and prosperous society based on Pancasila and the Constitution of 1945;
 - b. that foreign exchange is a means and source of financing which is important for the nation and state, therefore ownership and utilization of foreign exchange and Exchange Rate System must be carefully managed so as to smoothen the flow of trade, investment and international payments;
 - c. that the Act Number 32 of 1964 concerning the Flows of Foreign Exchange Regulation is no longer appropriate with the current demands and developments, therefore a replacement is necessary;

- d. that in accordance with the above consideration in letter a, letter b and letter c, the new act concerning the Foreign Exchange Activities and Exchange Rate System must be enacted;

In view of: 1. Article 5 paragraph (1), Article 20 paragraph (1), Article 23 and Article 33 of the Constitution of 1945;

2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of 1999 Number 66, Supplement to the State Gazette Number 3843);

with the approval of

THE HOUSE OF REPRESENTATIVE OF THE REPUBLIC OF INDONESIA

HAS DECREED:

To enact: ACT ON THE FOREIGN EXCHANGE ACTIVITIES AND EXCHANGE RATE SYSTEM.

CHAPTER 1 GENERAL PROVISION

Article 1

The terminologies used in this act shall have the meaning:

1. Foreign Exchange Activities are transfers of financial assets and liabilities between the residents and non-residents, including transfers between residents of foreign financial assets and liabilities.

2. Foreign Exchange is financial asset and financial liability that are employed in an international transaction.
3. Residents are people, legal entity or other entity that are domiciled or plan to domicile in Indonesia at least 1 (one) year, including the representative and diplomatic staff of the republic of Indonesia overseas.
4. Exchange Rate System is system which is employed to set the value of the rupiah currency against a foreign currency.

CHAPTER II FOREIGN EXCHANGE ACTIVITIES

Article 2

- (1) Every resident may freely own and use Foreign Exchange.
- (2) The use of Foreign Exchange for domestic transaction as referred to in paragraph (1), shall take into account the provision concerning the legal payment instrument as regulated in the Act concerning Bank Indonesia.

Article 3

- (1) Bank Indonesia has the authority to request information and data concerning the activities of the foreign exchange activities conducted by a resident.
- (2) Every resident shall submit information and data concerning Foreign Exchange Activities, directly or through another party stipulated by Bank Indonesia.
- (3) The implementation of the provision as referred to in paragraph (1) and paragraph (2) shall be prescribed by a Bank Indonesia Regulation.

Article 4

- (1) Bank Indonesia shall, in order to implement the prudential principle, prescribe provisions of various types of Foreign Exchange Transactions which is conducted by a bank.
- (2) The implementation of the provision as referred to in paragraph (1) shall be prescribed by a Bank Indonesia Regulation.

CHAPTER III EXCHANGE RATE SYSTEM

Article 5

- (1) Bank Indonesia shall propose an Exchange Rate System to be determined by the Government.
- (2) Bank Indonesia shall implement the exchange rate policy based on the Exchange rate System as referred to in paragraph (1)
- (3) The implementation of the provision as referred to in paragraph (2) shall be prescribed by a Bank Indonesia Regulation.

CHAPTER IV CRIMINAL PROVISIONS AND ADMINISTRATIVE SANCTIONS

Article 6

Whoever willfully does not fulfill the obligation as referred to in Article 3 paragraph (2) shall be subject to a fine for a minimum of Rp.250.000.000,00 (two hundred and fifty million rupiah) and for the maximum of Rp.1.000.000.000,00 (one billion rupiah).

Article 7

- (1) Without prejudice to the criminal provision as referred to in Article 6, Bank Indonesia has the authority to impose an administrative sanction against a resident as referred to in Article 3 paragraph (2).
- (2) The administrative sanction as referred to in paragraph (1) may be in the form of:
 - a. a written warning; or
 - b. a fine; or
 - c. a revocation or annulment of a business license by an authoritative agency if the violations conducted by an entity.
- (3) Further provisions concerning the administrative sanction as referred to in paragraph 2 shall be prescribed by a Bank Indonesia Regulation.

CHAPTER V TRANSITIONAL PROVISIONS

Article 8

With the coming into force of this Act, Act Number 32 of 1964 on The Flow of Foreign Exchange Regulation (State Gazette of 1964 Number 131, Supplement to the State Gazette Number 2717) shall no longer valid.

CHAPTER VI FINAL PROVISION

Article 9

This Act shall become effective on the date of its enactment.

For the public to be informed, it is instructed to promulgate the Act in the State Gazette of the Republic of Indonesia.

Executed in Jakarta

On May 17, 1999

PRESIDENT OF THE REPUBLIC OF INDONESIA

Signed

BACHARUDDIN JUSUF HABIBIE

Enacted in Jakarta

On May 17, 1999

MINISTER OF STATE OF STATE SECRETARY OF
THE REPUBLIC OF INDONESIA

Signed

PROF. DR. H. MULADI, SH

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 1999 NUMBER 67

ELUCIDATION
OF
ACT THE REPUBLIC OF INDONESIA

NUMBER 24 OF 1999
CONCERNING
THE FOREIGN EXCHANGE ACTIVITIES
AND EXCHANGE RATE SYSTEM

GENERAL

The national development is conducted by the Indonesian to establish a just and prosperous society based in Pancasila and the Constitution of 1945. In order to promote the national economic development, one of the most important means and source of financing is Foreign Exchange. To increase foreign exchange income, since 1970 the Government has implemented a free Foreign Exchange System.

Implementation of a free Foreign Exchange System without being equipped with a Foreign Exchange Activity monitoring policy and Exchange Rate System policy may have adverse impacts on the national economy. To forestall the adverse impacts, the free Foreign Exchange system must be supported by a new act, which is sufficient and simultaneously abolishes the uncertainty of law that has been practiced, by revoking the Act Number 32 of 1964.

The implementation of the Foreign Exchange Activities and Exchange Rate System shall be conducted by Bank Indonesia as the monetary authority which is responsible in maintaining the stability of the rupiah value. The effort must be supported by an effective Foreign Exchange Activity monitoring system. For that purpose Bank Indonesia has the authority to request information and data concerning the activity of the Foreign Exchange and prescribe a provision concerning the Foreign Exchange activity which is based on the prudential principle.

ARTICLE BY ARTICLE

Article 1

Number 1

Self explanatory

Number 2

Self explanatory

Number 3

Self explanatory

Number 4

Self explanatory

Article 2

Paragraph (1)

The meaning of free to own Foreign Exchange is that a resident that has obtained and owned Foreign Exchange shall not sell it to the state.

The meaning of free to use Foreign Exchange is that a resident may conduct a Foreign Exchange activity among other things for international trade, money market transaction and stock exchange transaction.

Paragraph (2)

Self explanatory

Article 3

Paragraph (1)

In the discharge of its authority, Bank Indonesia shall actively request information and data concerning Foreign Exchange Activities conducted by a resident.

In the condition that the correctness of an information and data submitted is doubtful, Bank Indonesia shall examine the virtue of the

information and data requested, including requesting evidences, records and documents that are related to the reporting of the Foreign Exchange Activities.

Paragraph (2)

Information and data concerning the Foreign Exchange Activities shall at least cover the value and type of transaction, aim purpose of the transaction, transaction participant and country of destination or the origin of the Foreign Exchange Activities such as banks, financial institution, non-bank financial institution and international transaction service provider.

Paragraph (3)

The main substances of the provision that shall be prescribed by a Bank Indonesia Regulation shall among other things consist of:

- a. procedures and methods in submitting information and data;
- b. parties that submit information and data;
- c. information and data concerning the Foreign Exchange Activities that shall be submitted;
- d. sanction for violation.

Article 4

Paragraph (1)

The meaning of Prudential Principle is one of the measures to minimize business risks in managing a bank, either through provisions prescribed by Bank Indonesia or the bank's internal provision.

Paragraph (2)

The main substances of the provision that shall be prescribed by a Bank Indonesia Regulation among other things may be in the forms of:

- a. policy guideline standard and Foreign Exchange Activity procedure;
- b. net Open Foreign Exchange Position ratio;

- c. limitation of potential and actual loss against the capital.

Article 5

Paragraph (1)

The stipulation of the Exchange rate System as referred to in this paragraph is conducted through a Presidential Decree.

Bank Indonesia shall carefully and accurately assess the Exchange Rate System proposed to the Government.

The Exchange Rate System among other things may be in the form of:

- a. a fixed Exchange Rate System; or
- b. a floating Exchange Rate System; or
- c. a managed floating Exchange Rate System.

Paragraph (2)

Self explanatory

Paragraph (3)

The main substances of the provision that will be prescribed in a Bank Indonesia Regulation among other things may be in the form of:

- a. devaluation or revaluation of the rupiah against a foreign currency;
- b. announcement of the daily exchange rate and determination of the intervention band;
- c. trend of rupiah appreciation or depreciation;
- d. intervention by Bank Indonesia.

Article 6

Self explanatory

Article 7

Paragraph (1)

Self explanatory

Paragraph (2)

The meaning of a fine is the obligation to pay a certain amount of money as a result of non-compliance of a provision in this act. The sanction of a fine may be imposed against violations among other things against delays, incompleteness or the negligence of submitting a report.

Paragraph (3)

The main substances of the administrative sanction provision that shall be prescribed in the Bank Indonesia Regulation contains among other things:

- a. the methods of imposing sanctions;
- b. the types of violations that may be imposed by sanctions;
- c. the amount of fine.

Article 8

Self explanatory

Article 9

Self explanatory

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF
INDONESIA NUMBER 3844