

SERVICE REPORT
NUMBER: ND-125/NB.221/2016

To : Director of Communications
From : Director of Financial Institutions Supervision
Priority : Immediate
Attachment : 3 (three) files
Subject : Announcement about Business Suspension on PT Dharmatama
Megah Finance
Date : May 16, 2016

With reference to the subject mentioned above, I convey the following matters:

1. PT Dharmatama Megah Finance (PT DMF) has been given Third Phase of Sanctions Number S-330/NB.221/2015 dated March 1, 2016 since PT DMF failed to fulfill recommendations referred by Final Report of Direct Research Number S-1002/NB.221/2015 dated October 26, 2015 in the case that organizational structure of the company did not describe about risk management function and implementation of Know Your Customer principle. Consequently, **the company is considered to be not complying with Article 14 of OJK Regulation Number 28/POJK.05/2014 on business licensing and institutional framework of finance company (POJK 28/2014)**. The third phase of sanctions was effective until May 2, 2016.
2. Results of OJK's monitoring over compliance with stipulation written in Article 14 of POJK 28/2014, which had been conducted until the end of effective dates of the sanction, showed that the company has submitted letter number 002/DTM-OJK/IV/2016 dated April 27, 2016 regarding delivery of guidelines on implementing Know Your Customer principle, guidelines on good governance and guidelines on risk management. However, the company did not state in the letter about changes in organizational structure that should describe risk management function and Know Your Customer principle, along with each organizational element's duties, authority, responsibilities and working procedures in written exposition. Therefore, **the company failed to fulfill the stipulation written in Article 14 of POJK 28/2014**.
3. Furthermore, pursuant to stipulations in Article 76 Clause (6), Clause (8) to Clause (13) in POJK 28/2014, which say about the following matters:
 - a. In the event that the effective dates of the third phase of sanctions as mentioned above end and the company still fails to comply with stipulation in Article 14 POJK 28/2014, OJK is therefore authorized to give business suspension sanction;
 - b. PT DMF, which has been given the business suspension sanction, is prohibited from performing business activities;
 - c. In the event that before the period of business suspension sanctions ends PT DMF manages to fulfill the stipulation in Article 14 POJK 28/2014, OJK is authorized to revoke business suspension sanction;
 - d. In the event that business suspension sanction is still effective and PT DMF still runs finance business, OJK can directly impose revocation of business license sanction;

- e. In the event that the period of business suspension sanctions ends and PT DMF fails to fulfill stipulation in Article 14 of POJK 28/2016, OJK is authorized to revoke PT DMF's business license;
 - f. OJK can announce business suspension sanction as mentioned above to public.
4. With reference to the subjects mentioned above, PT DMF has been given business suspension sanction based on letter Number S-244/NB.2/2016 dated May 3, 2016. For that reason, in the framework of transparency and consumer protection, it is advised that the business suspension sanction be announced on mass media.

In relation to the matter, I attach Announcement of Deputy Commissioner II for Non-Bank Financial Industry Supervision on behalf of OJK Board of Commissioners Number PENG-3/NB.2/2016 dated May 3, 2016 to be publicized to general society on mass media.

I herewith convey this message. Thank you for your attention.

Andra Sabta

NIP 00056

ANNOUNCEMENT
NUMBER: PENG-3/NB.2/2016

REGARDING
SUSPENSION OF BUSINESS ACTIVITIES
ON FINANCE COMPANY

It is hereby announced that Financial Services Authority (OJK) has suspended business activities of a finance company that did not comply with Article 14 of OJK Regulation Number 28/POJK.05/2014 on business licensing and institutional framework of finance company. The finance company has not submitted information about establishment of risk management function nor appoint persons responsible for implementation of Know Your Customer principle, along with their duties, authority, responsibilities and working procedures that should be written in organizational structure and be reported to OJK pursuant to stipulation in Article 14 of OJK Regulation Number 28/POJK.05/2014 on business licensing and institutional framework of finance company, which says that:

- (1) *A company is obligated to have organizational structure that clearly describes at least these functions:*
- 1. Administration and book keeping;*
 - 2. Marketing, feasibility analysis, financing and billing;*
 - 3. Risk management, including internal control; and*
 - 4. Implementation of Know Your Customer principle.*
- (2) *The organizational structure as mentioned above in Clause (1) must be completed with written exposition about duties, authority, responsibilities and working procedures.*

The finance company is:

No.	Company name	Location	Announcement letter number
1.	PT Dharmatama Megah Finance	Jakarta	S-244/NB.2/2016 dated May 3, 2016

With this business activities suspension, the finance company mentioned above is therefore prohibited from carrying out business activities.

This announcement should be publicized.

Stipulated in Jakarta
On May 3, 2016

On behalf of OJK Board of Commissioners
Deputy Commissioner II for Non-Bank Financial Industry Supervision

Dumoly F. Pardede