



REGULATION OF FINANCIAL SERVICES AUTHORITY

THE REPUBLIC OF INDONESIA

NUMBER 2/POJK.04/2020

CONCERNING

THE AMENDMENT TO THE REGULATION OF FINANCIAL SERVICES
AUTHORITY NUMBER 23/POJK.04/2016 CONCERNING INVESTMENT FUNDS
IN THE FORM OF COLLECTIVE INVESTMENT CONTRACTS

BY THE GRACE OF GOD ALMIGHTY

BOARD OF COMMISSIONERS OF FINANCIAL SERVICES AUTHORITY.

- Considering :
- a. that strategic policies are necessary to enhance the Investment Fund investor protection and to enhance independency and professionalism of the Investment Manager in managing Investment Funds;
 - b. that the provisions related to the risk management of Securities diversification in the portfolio of investment for investment funds in the Regulation of Financial Services Authority Number 23/POJK.04/2016 concerning Investment Funds in the Form of Collective Investment Contracts are no longer in accordance with the effort to enhance the Mutual Fund investor protection, it is therefore necessary to be amended;

- c. that according to the consideration as referred to in letter a, the Regulation of Financial Services Authority concerning the Amendment to the Regulation of Financial Services Authority Number 23/POJK.04/2016 concerning Investment Funds in the Form of Collective Investment Contracts is necessary to be enacted;

HAS DECIDED TO:

Enact : REGULATION OF FINANCIAL SERVICES AUTHORITY CONCERNING THE AMENDMENT TO THE REGULATION OF FINANCIAL SERVICES AUTHORITY NUMBER 23/POJK.04/2016 CONCERNING INVESTMENT FUNDS IN THE FORM OF COLLECTIVE INVESTMENT CONTRACTS.

Article 1

Several provisions in the Regulation of Financial Services Authority Number 23/POJK.04/2016 concerning Investment Funds in the Form of Collective Investment Contracts (State Gazette of the Republic of Indonesia of 2016 Number 109, Additional State Gazette of the Republic of Indonesia Number 5886) are amended as follows:

1. The provisions in clause (2) Article 5 are amended and added with 1 (one) clause namely clause (4), Article 5 shall thus be read as follows:

Article 5

- (1) Investment Funds in the form of Collective Investment Contracts may only be in the forms of:
 - a. Securities offered through a Public Offering and/or traded at the Securities Exchange either domestic or overseas;
 - b. Securities issued and/or guaranteed by the Government of the Republic of

- Indonesia, and/or Securities issued by international institutions where the Government of the Republic of Indonesia becomes one of its members;
- c. Debt Securities or Sharia fixed income Securities, which are not offered through a Public Offering and have been rated by a Securities Rating Agency;
 - d. Asset-Backed Securities, which are not offered through a Public Offering and have been rated by a Securities Rating Agency;
 - e. Domestic money market Securities, which have maturity date of no longer than 1 (one) year, either in Rupiah or in foreign currencies;
 - f. Real Estate Investment Trusts Participation Unit in the form of Collective Investment Contract, which is not offered through a Public Offering;
 - g. Derivative Securities; and/or
 - h. Other Securities determined by the Financial Services Authority.
- (2) Debt Securities or Sharia fixed income Securities, which are not offered through a Public Offering as referred to in clause (1) letter c are obligated to fulfill the following criteria:
- a. being issued by:
 - 1. an Issuer or a Public Company;
 - 2. a subsidiary company of the Issuer or a Public Company obtaining a full guarantee from the Issuer or Public Company;
 - 3. a State-Owned Enterprise or a subsidiary of a State-Owned Enterprise;

4. Government of the Republic of Indonesia;
 5. Regional Government; and/or
 6. Financial Service Institutions, that have obtained a business license or are under the supervision of the Financial Services Authority and already have experience in conducting public offerings, either for shares or bonds;
- b. having the lowest investment grade of idAA or the equivalent, at any time;
 - c. being rated periodically at least once in 1 (one) year;
 - d. conducting the announcement information on the rating of Debt Securities or Sharia fixed income Securities, which are not offered through a Public Offering, to the public and/or providing access for Securities Pricing Agency to access the information;
 - e. being supervised by a trust-agent registered at the Financial Services Authority on the execution of agreement on the issuance of Debt Securities or Sharia fixed income Securities, which are not offered through a Public Offering; and
 - f. being included in Collective Custody at the Central Securities Depository.
- (3) The derivative securities as referred to in clause (1) letter g are obligated to fulfill the criteria as follows:
- a. being traded in:
 1. Securities Exchange; or
 2. off-exchange, provided that:

- a) the derivative issuing party (counter-transaction) is a Financial Service Institution that has obtained a business license and/or is under the supervision of the Financial Services Authority as well as obtained investment grade rating from a Securities Rating Agency;
 - b) the valuation is made daily and reasonably; and
 - c) the derivative securities positions may be sold or closed through mutual write-off transactions at fair value any time;
- b. having a basis of derivative reference objects in the forms of:
- 1. Securities; or
 - 2. Securities Index, if fulfilling the following conditions:
 - a) the Securities index value is published daily through mass media; and
 - b) the information on the Securities index is published and available to the public; and
- c. not having a potential loss greater than the value of the initial exposure at the time of purchase of the derivative Securities;
- (4) Investment Funds in the type of money market Investment Funds and Capital Protected Funds are prohibited from investing in Debt Securities

or Sharia fixed income Securities, which are not offered through a Public Offering.

2. The provisions of clause (1) letter 1 of Article 6 are amended and to be read as follows:

Article 6

- (1) Investment Manager is prohibited from taking actions that may cause Investment Funds in the form of Collective Investment Contracts to:
- a. own Securities traded at overseas Securities Exchanges whose information cannot be accessed from Indonesia through mass media or websites;
 - b. own Securities issued by 1 (one) Indonesian or foreign legal entity traded in overseas Securities Exchanges of more than 5% (five percent) from the paid-up capital of the company or more than 10% (ten percent) of the Net Asset Value of the Investment Funds at any time;
 - c. own equity Securities issued by a company that has listed its Securities on the Indonesian Securities Exchange of more than 5% (five percent) from the paid-up capital of the company;
 - d. own Securities issued by 1 (one) Party of more than 10% (ten percent) from the Net Asset Value of the Investment Funds at any time;
 - e. own derivative Securities:
 - 1. transacted off-exchange with 1 (one) Financial Service Institution as referred to in Article 5 clause (3) letter a number 2 with an exposure value of more than 10% (ten percent) of the Net

- Asset Value at of the Investment Funds at any time; and
2. with a net global exposure value of more than 20% (twenty percent) of the Net Asset Value of the Investment Funds at any time;
- f. own Asset-Backed Securities offered through a Public Offering of more than 20% (twenty percent) from the Net Asset Value of the Investment Funds, at any time, provided that each series of Asset-Backed Securities is not more than 10% (ten percent) of the Net Asset Value of the Investment Funds, at any time;
 - g. own Debt Securities, Sharia fixed income Securities, Asset-Backed Securities, and/or Real Estate Investment Trusts Participation Unit, issued by 1 (one) Party of more than 5% (five percent) from the Net Asset Value of the Investment Funds, at any time or in total of more than 15% (fifteen percent) of the Net Asset Value of the Investment Funds, at any time;
 - h. own a Participation Unit of a Real Estate Investment Trust in the form of a Collective Investment Contract offered through a Public Offering of more than 20% (twenty percent) of the Net Asset Value of the Investment Funds, at any time, provided that each Real Estate Investment Trust is not more than 10% (ten percent) of the Net Asset Value of the Investment Funds, at any time;
 - i. own a Participation Unit of a Real Estate Investment Trust in the form of a Collective Investment Contract, if the Real Estate

Investment Trust in the form of a Collective Investment Contract and the Investment Funds in the form of a Collective Investment Contract are managed by the same Investment Manager;

- j. own Securities Portfolio consisting of Securities issued by a Party affiliated with the Investment Manager of more than 20% (twenty percent) from the Net Asset Value of the Investment Funds at any time, unless for Affiliate relationships occurred due to ownership or capital participation of the Government of the Republic of Indonesia;
- k. own Securities issued by the Participation Unit holders and/or affiliated Parties from the Participation Unit holders based on commitments agreed by the Investment Manager with the Participation Unit holders and/or affiliated Parties from the Participation Unit holders;
- l. purchase Securities from the candidates or holders of the Participation Unit and/or affiliated Parties from the candidates or holders of the Participation Unit;
- m. engage in activities other than investment, reinvestment, or trade of Securities as referred to in this Regulation of Financial Services Authority;
- n. engage in the sales of Securities that are not yet owned;
- o. engage in margin transactions;
- p. receive direct loans including conducting an issuance of bonds or other debt securities, unless for short-term loans with a maximum period of 1 (one) month, in

- order to fulfill the redemption transaction and/or settlement of no more than 10% (ten percent) of the portfolio value of Investment Funds at the time of the loan;
- q. provide direct loans, unless for the purchase of bonds, other debt securities, and/or deposit of funds in banks;
 - r. purchase Securities in the process of Public Offering, if the Underwriter of the Public Offering is a Securities Company which is the Investment Manager itself or an Affiliate from the Investment Manager, unless:
 - 1. the Debt Securities offered, has obtained investment grade rating; and/or
 - 2. there is an excess of purchase demand from the Securities offered;
 - s. engage in joint transactions or profit-sharing contracts with the Investment Manager itself or Affiliates of the Investment Manager;
 - t. purchase an Asset-Backed Securities, if:
 - 1. the Asset-Backed Securities and the Investment Funds in the form of a Collective Investment Contracts are managed by the same Investment Manager; and/or
 - 2. the Investment Manager of the Investment Funds in the form of Collective Investment Contracts is affiliated with the initial creditor of the Asset-Backed Securities, unless the Affiliate relationship occurs due to ownership or capital participation from the Government; and

- u. engage in sales transactions of Securities with the commitment of repurchase and purchase of Securities with the commitment of redemption.
- (2) The prohibition as referred to in clause (1) letter d does not apply to:
- a. Bank Indonesia Certificates;
 - b. Securities issued and/or guaranteed by the Government of the Republic of Indonesia; and/or
 - c. Securities issued by international financial institutions of which the Government of the Republic of Indonesia becomes its members.
- (3) The prohibition as referred to in clause (1) letter g does not apply to Debt Securities and/or Sharia fixed income Securities issued by the Government of the Republic of Indonesia and/or Regional Government.
- (4) The prohibition for Investment Funds in the form of Collective Investment Contracts to purchase Securities offered through a Public Offering from Parties affiliated with the Investment Manager as referred to in clause (1) letter r does not apply if the Affiliate relationship occurs due to the Government ownership or capital participation.

Article II

1. Investment Funds in the form of Collective Investment Contracts that have invested in the Securities of the candidates or holders of Participation Units and/or the affiliated Parties of the candidates or holders of Participation Units are obligated to adjust accordingly to this Regulation of Financial Services Authority no later than 3 (three)

years since this Regulation of Financial Services Authority comes into force.

2. Capital Protected Funds that have invested in Debt Securities or Sharia fixed income Securities, which are not offered through a Public Offering are prohibited from adding investment to Debt Securities and/or Sharia fixed income Securities, which are not offered through a Public Offering.
3. Capital Protected Funds that have invested in Debt Securities or Sharia fixed income Securities, which are not offered through a Public Offering, as referred to in number 2 are obligated to adjust accordingly to this Regulation of Financial Services Authority no later than 3 (three) years since this Regulation of Financial Services Authority comes into force.
4. This Regulation of Financial Services Authority shall come into force on the date of its promulgation.

For public cognizance, it is hereby ordered that this Regulation of Financial Services Authority be promulgated in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta
on 8 January 2020

CHAIRMAN OF BOARD OF
COMMISSIONERS OF FINANCIAL
SERVICES AUTHORITY OF
THE REPUBLIC OF INDONESIA,

signed

WIMBOH SANTOSO

Promulgated in Jakarta
on 9 January 2020

MINISTER OF LAW AND HUMAN RIGHTS OF THE
REPUBLIC OF INDONESIA

signed

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2020 NUMBER 6

This duplicate is in accordance with its original
Deputy Director of Legal Consultancy and
Regulatory Harmonization for Banking 1
Director of Law 1
Department of Law

signed

Wiwit Puspasari

ELUCIDATION
OF
REGULATION OF FINANCIAL SERVICES AUTHORITY
OF THE REPUBLIC OF INDONESIA
NUMBER 2 /POJK.04/2020
CONCERNING
THE AMENDMENT TO THE REGULATION OF FINANCIAL SERVICES
AUTHORITY NUMBER 23/POJK.04/2016 CONCERNING INVESTMENT FUNDS
IN THE FORM OF COLLECTIVE INVESTMENT CONTRACT

I. GENERAL

Investment Funds is experiencing a significant growth in terms of managed funds. Along with the growth of the managed funds, the number of individual investors who invest in Investment Funds products continues to increase. This must be balanced with the Investment Manager professionalism in managing the funds, accompanied by an adequate risk management related to the diversification of Securities in the investment portfolio of Investment Funds. Taking this into account, it is necessary to amend the Regulation of Financial Services Authority Number 23/POJK.04/2016 concerning Investment Funds in the Form of Collective Investment Contract, particularly in connection with the provisions on the investment of Investment Fund in the Form of Collective Investment Contract in Debt Securities or Sharia fixed income Securities, which is not offered through a Public Offering and in the Securities from the candidates or holders of Participation Units and/or affiliates from the candidates or holders of the Participation Unit.

II. ARTICLE BY ARTICLE

Article I

Self-explanatory.

Article II

Self-explanatory.

ADDITIONAL STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER
6455