



Financial Services Authority
of the Republic of Indonesia

DUPLICATE OF
REGULATION OF FINANCIAL SERVICES AUTHORITY
OF THE REPUBLIC OF INDONESIA
NUMBER 20/POJK.04/2021
CONCERNING
PREPARATION OF FINANCIAL STATEMENTS OF SECURITIES COMPANY
WITH THE GRACE OF GOD ALMIGHTY

BOARD OF COMMISSIONERS OF FINANCIAL SERVICES AUTHORITY,

- Considering :
- a. that it is necessary for securities companies to present high-quality financial statements in order to provide accurate and comprehensive information for all stakeholders, especially investors;
 - b. that to present high-quality financial statements of securities companies, there is a need for enhancements in transparency, disclosures, uniformity, and comparability by applying substance over the form principle;
 - c. that it is necessary for the relevant accounting standards and guidelines to undergo continuous improvement, aligning with the development of capital market transactions and products as well as harmonization with international accounting standards through the convergence program of the Statements of Financial Accounting Standards with International Financial Reporting Standards;
 - d. that based on considerations as referred to in letter a, letter b, and letter c, it is necessary to stipulate

Regulation of Financial Services Authority concerning the Preparation of Financial Statements of Securities Company;

- In view of : 1. Law Number 8 Year 1995 concerning Capital Market (State Gazette of the Republic of Indonesia Number 64 of 1995, Additional State Gazette of the Republic of Indonesia Number 3608);
2. Law Number 21 Year 2011 concerning the Financial Services Authority (State Gazette of the Republic of Indonesia No. 111 of 2011, Additional State Gazette of the Republic of Indonesia Number 5253);

HAS DECIDED TO

Enact : REGULATION OF FINANCIAL SERVICES AUTHORITY CONCERNING PREPARATION OF FINANCIAL STATEMENTS OF SECURITIES COMPANY.

Article 1

GENERAL PROVISIONS

Article 1

In this Regulation of Financial Services Authority, the following terms shall mean:

1. Securities Company is a Person who engages in the business of underwriter, broker-dealer, and/or investment manager.
2. Consolidated Financial Statements are financial statements of a business group, consisting of assets, liabilities, equities, incomes, expenses, and cash flows of parent and subsidiary entities presented as a single economic entity.
3. Control is a condition when an investor is exposed to or has rights over variable returns from its involvement with an investee and is able to affect such returns through its power over the investee.

4. Financial Accounting Standards, hereinafter referred to as SAK, are statements and interpretations issued by the Financial Accounting Standards Board of the Institute of Indonesian Chartered Accountants and the Sharia Accounting Standards Board of the Institute of Indonesian Chartered Accountants as well as the provisions of rules and regulations in the capital market sector for entities conducting activities in the capital market sector.

CHAPTER II

PREPARATION OF FINANCIAL STATEMENTS

Article 2

- (1) Financial statements of the Securities Company, either financial statements of a single entity or Consolidated Financial Statements, for submission to the public or the Financial Services Authority, are obligated to be prepared based on the SAK.
- (2) A Securities Company that is an issuer or a public company is obligated to comply with the provisions of this Regulation of Financial Services Authority in preparing its financial statements.

Article 3

- (1) In the event that a Securities Company has Control over other entities, the Securities Company is obligated to consolidate the financial statements of those other entities into the Consolidated Financial Statements.
- (2) A Securities Company is deemed to have Control over other entities if the Securities Company has:
 - a. power over the investee
 - b. exposure or rights over variable returns from its involvement with the investee; and

- c. capacity to exercise its power over the investee to affect the amount of return for the investor.
- (3) In the event that the Securities Company is an investment entity, the Securities Company is exempted from the obligation to consolidate the financial statements of the subsidiary entities as referred to in clause (1), unless the subsidiary entity is not an investment entity and its main purpose and activities are to provide services related to the investment activities from the investment entity.

Article 4

Management of a Securities Company is obligated to be responsible for the preparation of the financial statements of the Securities Company.

Article 5

- (1) In the preparation of financial statements, as referred to in Article 2, a Securities Company is obligated to prepare the financial statements based on the guidelines of accounting treatments for the Securities Company.
- (2) The guidelines of accounting treatments for the Securities Company, as referred to in clause (1) constitute one of the accounting provisions in the capital market sector.
- (3) The guideline of accounting treatments of Securities Company as referred to in clause (1) shall be stipulated by the Financial Services Authority.

Article 6

In the event that an accounting treatment is not regulated in the guideline of accounting treatments of Securities Company as referred to in Article 5, the

unregulated accounting treatment is obligated to adhere to the SAK.

Article 7

- (1) In the event of any changes to SAK and/or issuance of new SAK after the entry into force of the provisions concerning the guideline of accounting treatments of Securities Company stipulated by the Financial Services Authority as referred to in Article 5 clause (3), the accounting treatment of Securities Company is obligated to comply with provisions of the latest SAK, unless otherwise stated by the Financial Services Authority.
- (2) Other statements made by the Financial Services Authority as referred to in clause (1) to fulfill the principle of disclosure and protection of public interests shall be regulated by the Regulation of Financial Services Authority.

Article 8

- (1) The preparation of financial statements of the Securities Company as referred to in Article 2 until Article 7 shall apply for the financial year starting on or after 1 January 2022.
- (2) Early implementation of the provisions of this Regulation of Financial Services Authority by the Securities Company is allowed.
- (3) In the event of early implementation by the Securities Company as referred to in clause (2), the Securities Company is obligated to disclose the early implementation of this Regulation of Financial Services Authority in the notes to financial statements.

CHAPTER III
ADMINISTRATIVE SANCTIONS

Article 9

- (1) Any party violating the provisions as referred to in Article 2, Article 3 clause (1), Article 4, Article 5 clause (1), Article 6, Article 7 clause (1), and Article 8 clause (3) shall be subject to administrative sanctions.
- (2) Sanctions as referred to in clause (1) shall also apply to parties causing the violation as referred to in clause (1).
- (3) Sanctions as referred to in clause (1) and clause (2) shall be imposed by the Financial Services Authority.
- (4) Administrative sanctions as referred to in clause (1) are in the form of:
 - a. written admonition;
 - b. fines, namely the obligation to pay a certain amount of money;
 - c. restriction of business activities;
 - d. suspension of business activities;
 - e. revocation of business license;
 - f. cancellation of approval; and/or
 - g. cancellation of registration.
- (5) Administrative sanctions as referred to in clause (4) letter b, letter c, letter d, letter e, letter f, or letter g may be imposed with or without preceded by the imposition of administrative sanction in the form of a written admonition as referred to in clause (4) letter a.
- (6) Administrative sanction in the form of fines as referred to in clause (4) letter b may be imposed separately or jointly with the imposition of administrative sanctions as referred to in clause (4) letter c, letter d, letter e, letter f, or letter g.

- (7) The procedures for imposing sanctions as referred to in clause (3) shall be carried out in accordance with the provisions of laws and regulations.

Article 10

In addition to the administrative sanctions referred to in Article 9 clause (4), the Financial Services Authority may take certain actions against any party who violates the provisions of this Regulation of Financial Services Authority.

Article 11

The Financial Services Authority may announce the imposition of administrative sanctions as referred to in Article 9 clause (4) and certain actions as referred to in Article 10 to the public.

CHAPTER IV

TRANSITIONAL PROVISIONS

Article 12

At the time this Regulation of Financial Services Authority enters into force, the preparation of financial statements of Securities Company for the financial year before 1 January 2022 shall refer to the latest SAK.

CHAPTER V

CLOSING PROVISIONS

Article 13

At the time this Regulation of Financial Services Authority enters into force:

- a. The Decision of the Head of Capital Market and Financial Institution Supervisory Agency Number Kep-689/BL/2011 dated 30 December 2011 concerning Guidelines of Accounting Treatments

of Securities Company and its Appendix, namely Regulation Number VIII.G.17, and

- b. The Regulation of Financial Services Authority Number 1/POJK.04/2020 concerning Preparation of Financial Statements of Securities Company (State Gazette of the Republic of Indonesia of 2020 Number 1, Supplement to the State Gazette of the Republic of Indonesia Number 6452),

are revoked and annulled.

Article 14

This Regulation of Financial Services Authority shall come into force since 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 20 September 2021

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

signed

WIMBOH SANTOSO

Promulgated in Jakarta
on 21 September 2021

MINISTER OF LAW AND HUMAN RIGHTS OF
THE REPUBLIC OF INDONESIA

signed

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2021 NUMBER
223

This copy is in accordance with its original.

Legal Director 1
Legal Department
signed
Mufli Asmawidjaja

ELUCIDATION
OF
REGULATION OF FINANCIAL SERVICES AUTHORITY
OF THE REPUBLIC OF INDONESIA
NUMBER 20 /POJK.04/ 2021
CONCERNING
PREPARATION OF FINANCIAL STATEMENTS OF SECURITIES COMPANY

I. GENERAL

Securities Companies play an important role in the transaction mechanism in the capital market, evident in their engagement in activities, namely as underwriters, broker-dealers, and/or investment managers. The significance of this role necessitates a corresponding level of responsibility and accountability. One way, in which the accountability in terms of management and transparency of information for stakeholders is demonstrated, is through the obligation of the Securities Companies to prepare and submit financial statements. In 2011, the Capital Market and Financial Institution Supervisory Agency issued Regulation Number VIII.G.17 concerning Accounting Guidelines for Securities Company (AGSC) which aimed to guide Securities Companies in preparing their financial statements. Provisions contained in the AGSC were based on the prevailing Statements of Financial Accounting Standards (SFAS) and other relevant regulations at the time the AGSC of 2011 was drafted.

The convergence of the SFAS with the International Financial Reporting Standards (IFRS) has had several impacts, one of which is making the current SFAS

more transaction-oriented. In 2017, one of the SFAS that served as the basis for the AGSC had changed namely SFAS 71 on Financial Instruments in place of SFAS 55 (revised in 2015) on Financial Instruments: Recognition and Measurement and entered into effect on 1 January 2020. Furthermore, 2 other SFAS were issued in 2017, namely SFAS 72 on Revenue from Contracts with Customers and SFAS 73 on Lease, which became mandatory for all entities (including Securities Company) on 1 January 2020.

Massive changes in the SFAS following its phase 2 convergence with IFRS have had a significant impact on the AGSC which still relied on the outdated SFAS, making it irrelevant and inflexible in adapting to the dynamic developments of the SAK. Given that SFAS serves as a general guideline that must be applied by Securities Companies in preparing their financial statements, potential issues arise concerning legal certainty, investor protection, and inefficiency in the preparation of financial statements.

In view of these conditions and to improve the comparability of financial statements of the Securities Companies which apply substance over the form principle as well as to provide a legal basis for Securities Companies in preparing financial statements in accordance with the latest SFAS, it is necessary to regulate the provisions concerning the preparation of financial statements of the Securities Companies based on the latest SAK.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory

Article 2

Self-explanatory

Article 3

Clause (1)

Self-explanatory

Clause (2)

Letter a

The intended meaning of "power" is a presently existing right that confers the immediate capacity to direct relevant activities.

Letter b

Self-explanatory

Letter c

Self-explanatory

Clause (3)

The intended meaning of an investment entity is an entity that:

1. obtains funds from one or more investors with the purpose of providing such investors with investment management services;
2. expresses a commitment to investors that the purpose of its business is to invest funds solely to earn a return from the increase of capital value, investment income, or both; and
3. measures and evaluates the performance of all its investments based on a fair value.

Article 4

The intended meaning of "management of Securities Company" is all members of the board of directors and the board of commissioners of the Securities Company as regulated in the regulation concerning the obligation to submit periodic reports by the Securities Company.

Article 5

Self-explanatory.

Article 6

Self-explanatory.

Article 7

Clause (1)

SAK referred to in this provision are statements and interpretations issued by the Financial Accounting Standards Board of the Institute of Indonesian Chartered Accountants and

the Sharia Accounting Standards Board of the Institute of Indonesian Chartered Accountants.

Clause (2)

Self-explanatory.

Article 8

Clause (1)

Self-explanatory

Clause (2)

The intended meaning of "early implementation" is the implementation of provisions in this Regulation of Financial Services Authority by the Securities Company at an earlier time, before the effective date.

Example:

The provisions in this Regulation of Financial Services Authority are applied for the preparation of financial statements ended before 1 January 2022.

Clause (3)

Self-explanatory.

Article 9

Self-explanatory.

Article 10

The intended meaning of "certain actions", among others, is an order to restate the financial statements in accordance with the provisions as stipulated in this Regulation of Financial Services Authority.

Article 11

Self-explanatory.

Article 12

Self-explanatory.

Article 13

Self-explanatory.

Article 14

Self-explanatory.

SUPPLEMENT TO STATE GAZETTE OF THE REPUBLIC OF INDONESIA
NUMBER 6725