

FINANCIAL SERVICES AUTHORITY REGULATION NUMBER 11/POJK.05/2014
CONCERNING ON SITE EXAMINATION OF NON-BANK FINANCIAL SERVICES
INSTITUTIONS

FINANCIAL SERVICES AUTHORITY REGULATION NUMBER 11/POJK.05/2014 CONCERNING ON SITE EXAMINATION OF NON-BANK FINANCIAL SERVICES INSTITUTION	
I	GENERAL PROVISION
Article 1	In this Financial Services Authority Regulation :
1	Non-Bank Financial Services Institution are : <ul style="list-style-type: none"> a. insurance company and reinsurance company, including the one who implementing all or part of its business with the sharia principles as referred to in the legislation concerning insurance; b. financing company, including the one who implementing all or part of its business with the sharia principles as referred to in the legislation concerning financing institutions; c. pension funds, including the one who implementing all or part of its business with the sharia principles as referred to in the legislation concerning pension funds; and d. The Supporting Services Institution of Non-Bank Financial industry which consist of the insurance broker company, reinsurance broker company, public appraisal office services, insurance lost adjuster company, insurance agency company, consultant of actuarial company, public accountant company, and other supporting institution.
2	On-site Examination-is a series of activities to find, collect, process, and evaluate the data and/or information regarding the Non-Bank Financial Services Institution which conducted at office of the Non-Bank Financial Services Institution and the other place which have a direct or indirect relations with Non-Bank Financial Services Institution activities;
3	Examiner is a party which appointed by Financial Services Authority to conduct the on-site examination.
4	Financial Service Authority, hereinafter abbreviated to as OJK is an independent body and free from interference by other parties that have the functions, duties, and authority of regulation, supervision, examination, and investigation, as defined in the Law Number 21 Year 2011 concerning Financial Services Authority
II	PARTIES AUDITED
Article 2(1)	OJK could conduct the On-site Examination towards the Non-Bank Financial Services Institution
2(2)	In conduct the On-site Examination as referred to in paragraph (1), OJK could conduct the On-site Examination towards : <ul style="list-style-type: none"> a. shareholders or equal with it on the Non-Bank Financial Services

	Institution; b. subsidiary of the Non-Bank Financial Services Institution; and/or c. other parties which conduct the transaction with Non-Bank Financial Services Institution.
2(3)	On-site Examination towards the parties as mentioned on paragraph (1) is conducted if those parties indicated affect the Non-Bank Financial Services Institution 's risk level or caused the violation upon the prevailing laws and regulations.
III	
PURPOSE OF ON-SITE EXAMINATION	
Article 3	The purpose of On-site Examination are : a. to get information regarding real condition of the Non-Bank Financial Services Institution b. to get an adequate confidence upon the risk level of Non-Bank Financial Services Institution's risk level; and/or c. assessing the compliance of the Non-Bank Financial Services Institution towards the prevailing laws and regulations.
IV	
ON-SITE EXAMINATION FREQUENCY AND SCOPE	
Article 4(1)	On-site Examination frequency is stipulated by OJK based on the risk based supervisory plan.
4(2)	On-site Examination frequency for the supporting institution as mentioned on Article 1 number 1 letter d, set by OJK and at least conducted once in 3(three) years.
4(3)	Scope of On-site Examination are the whole Non-Bank Financial Services Institution 's business activities or towards certain aspects form the Non-Bank Financial Services Institution business activities.
V	
CRITERIA OF EXAMINER	
Article 5(1)	On-site Examination as referred to in Article 2 paragraph (1) conducted by the examination team.
5(2)	Examiner team as referred to in paragraph (1) at least consist of 2(two) persons.
5(3)	Examiner team as referred to in paragraph (1) could consist of: a. OJK officers which assigned to conduct the On-site Examination; b. Other parties which appointed by OJK; or c. a combination between OJK officers and other parties appointed by OJK
5(4)	Examiner team as referred to in the paragraph (1) shall fulfill the qualification standard as the Non-Bank Financial Services Institution examiner.
5(5)	Further provision regarding the qualification standard of the examiner is regulated by OJK Board of Commissioner Regulation.
Article 6(1)	OJK could appoint the public accountant, actuary, and/or independent appraisal as an Examiner.
6(2)	Appointment of the parties as mentioned on paragraph (1) written on

	the work order letter.
6(3)	Further provision regarding the parties appointment as referred to in paragraph (1) regulated by OJK Circular Letter.
VI	NON BANK FINANCIAL SERVICES INSTITUTION OBLIGATIONS
Article 7(1)	Non-Bank Financial Services Institution and the parties as referred to in Article 2 paragraph (2) shall as soon as possible shows or give to the Examiner : <ul style="list-style-type: none"> a. books, files, notes, dispositions, memorandums; b. document, electronic data, including their copies; c. every single descriptions and explanation which related to the business activities even written or verbally; d. chance to research the existence and utilization of the physical utilities related to the business activities; and e. other matters which are needed on the On-site Examination.
7(2)	Non-Bank Financial Services Institution and the parties as referred to in Article 2 paragraph (2) shall give the assistance in case to get a truth from every single description, document, and explanation which needed by the Examiner.
7(3)	Non-Bank Financial Services Institution , parties as referred to in Article 2 paragraph (2), and/or other parties are prohibited to obstruct the On-site Examination process and also influence the opinion, assessment or the result from the Examiner.
VII	ON-SITE EXAMINATION PROCEDURES
Article 8(1)	On-site Examination conducted by the Examiner based on assignment letter of the On-site Examination which issued by OJK.
8(2)	Examiner shall submit assignment letter of the On-site Examination to the Non-Bank Financial Services Institution .
8(3)	Before the On-site Examination conducted as referred to in paragraph (1), OJK submit the On-site Examination announcement letter to the Non-Bank Financial Services Institution .
8(4)	The announcement of On-site Examination as referred to in paragraph (3) containing some information, such as : <ul style="list-style-type: none"> a. number and the date of assignment letter of the On-site Examination; b. name of examiners; c. On-site Examination objective; d. the document that needed for the On-site Examination; and e. date line of document submission to the examiner.
8(5)	OJK could submit the announcement letter to the Non-Bank Financial Services Institution at the same time with the On-site Examination conducted if the announcement before the implementation On-site Examination indicated will obstruct the On-site Examination process, may there will be an action to blurring the real condition, or hiding or destroy the data, description, or report which are needed to conduct the On-site Examination.

Article 9(1)	Examiners shall submit the preliminary On-site Examination result to the Non-Bank Financial Services Institution within 30 (thirty) workdays after the On-site Examination ended.
9(2)	Non-Bank Financial Services Institution could submit the response upon the preliminary On-site Examination result within 15 (fifteen) workdays since the preliminary On-site Examination result letter submission date by the Non-Bank Financial Services Institution .
9(3)	Examiner and Non-Bank Financial Services Institution could held a meeting to discuss the preliminary result.
9(4)	Meeting as mentioned on paragraph (3) shall be held and finished within 30 (thirty) workdays since the preliminary On-site Examination result letter submission date by the Non-Bank Financial Services Institution .
Article10(1)	OJK submit the final On-site Examination result to Non-Bank Financial Services Institution within 15(fifteen) workdays since the end of the dateline of the respond submission as referred to in Article 9 paragraph (2) or since the meeting date as referred to in Article 9 paragraph (3)
10(2)	Report on the final On-site Examination result as referred to in paragraph (1) is classified.
VIII	
FOLLOW UP ON THE ON-SITE EXAMINATION RESULT	
Article 11(1)	Non-Bank Financial Services Institution shall take a steps as a follow up based on the recommendation on the on-site examination report result as referred to in Article 10 paragraph (1)
11(2)	Non-Bank Financial Services Institution shall reporting the follow up implementation as referred to in paragraph (1) to OJK at least every month or based on the audit result report as mentioned on paragraph (1)
11(3)	Obligation to report the follow up implementation as referred to in paragraph (2) is over of OJK assess the Non-Bank Financial Services Institution have implement the follow up as referred to in paragraph (1).
11(4)	OJK assessment as referred to in paragraph (3) is submitted to the Non-Bank Financial Services Institution thorough the mail.
11(5)	OJK conduct the monitoring upon the follow up implementation as referred to in paragraph (1) as a part of the supervisory activities towards the Non-Bank Financial Services Institution.
IX	
EXAMINERS OBLIGATIONS	
Article 12(1)	Examiner conduct on-site examination based on this OJK regulation and On-site Examination procedures.
12(2)	Examiner shall conceal the data, document, and/or description from the On-site Examination from the untitled parties.
12(3)	Further provision regarding the On-site Examination procedures as referred to in paragraph (1) regulated by the OJK Board of Commissioner Regulation.

X	EXAMINATION BY THE FINANCIAL SERVICES SUPERVISORY AUTHORITIES FROM OTHER COUNTRIES
Article 13(1)	On-site Examination towards the Non-Bank Financial Services Institution which partially owned by the foreign financial services institution conducted by examiner from the foreign financial supervisory institution could only conducted after obtain a written permission from OJK
13(2)	Written Permit as mention on paragraph (1) shall be submitted to OJK within 14 (fourteen) workdays before the On-site Examination conducted.
13(3)	Approval or Disapproval upon the permit as referred to in paragraph (2) is giving within 7 (seven) workdays since the permit are completely received by OJK.
13(4)	OJK could ask the auditor as referred to in paragraph (1), so in their On-site Examination also audit the matters which are needed by OJK.
13(5)	OJK could order the OJK's officer to accompany the examiner as referred to in paragraph (1) during the On-site Examination held.
13(6)	Permit of examination approval as referred to in paragraph (1) is conducted by adhering the principle of reciprocal in written form.
13(7)	Examiner from the foreign authorities as referred to in paragraph (1) shall report and submit their audit result to OJK.
XI	SANCTION
Article 14 (1)	Non-Bank Financial Services Institution which not fulfill the requirement as referred to in Article 7 and Article 11 paragraph (1) and (2) could be charges with the sanction such as : a. written warnings; b. fines, which is an obligation to paid a sum of money; c. obligations for the Board of Directors or equal on the Non-Bank Financial Services Institution to follow the re-fit and proper test; d. limitation of business operation; e. freezing of business operation; and f. revocation of business license.
14(2)	Sanction as referred to in paragraph (1) letter b,c,d,e, or letter f could be charges without the enforcement of written warning as mentioned on paragraph (1) letter a.
14(3)	Fines sanction as referred to in paragraph (1) letter b could be charges independently or joined with the sanction charges as mentioned on paragraph (1) letter a, c, d, e, or letter f.
14(4)	Amount of fines sanction as referred to in paragraph (1) letter b set by OJK based on the provision on the administration sanction in form of fines which applied for each financial service sectors.
14(5)	OJK could announce the charges of administrative sanction as mentioned on paragraph (1) to the public.

Article15(1)	Shareholders or equal with it, subsidiary company, and other parties which conduct transaction with Non-Bank Financial Services Institution as mentioned on Article 2 paragraph (2) which not fulfilled the provision as referred to in Article 7 will charges by the written warning from OJK as much as 2(two) times, by grace period of each warning is 7 (seven) workdays.
15(2)	In terms of the shareholders or equal with it as mentioned on paragraph (1) still not fulfill the requirement as referred to in Article 7 after the written warning as mentioned on paragraph (1), OJK could asking the shareholders or equal with it as referred to in paragraph (1) to release their ownership or dismiss the Non-Bank Financial Services Institution .
15(3)	In terms of the subsidiary company as referred to in paragraph (1) still not fulfill the provision as referred to in Article 7 soon after the written warning as referred to in paragraph (1), OJK could ask the Non-Bank Financial Services Institution to release the ownership on the subsidiary company as referred to in paragraph (1)
15(4)	In terms of the other parties as referred to in paragraph (1) still not fulfill the provision as referred to in Article 7 after the written warning as referred to in Article 7 paragraph (1), OJK could ask for the Non-Bank Financial Services Institution to end the relationship with other parties as referred to in paragraph (1)
XII	CLOSING PROVISIONS
Article16	Laws and regulations which containing the provisions regulated the Non-Bank Financial Services Institution On-site Examination is still applied as long as the laws not contrary to this OJK Regulations
Pasal 17	This regulation comes into force at the date of promulgation. For public cognizance, it is ordered that OJK Regulation shall be published in the State Gazette of the Republic of Indonesia.