

PRESS RELEASE

OJK ISSUES TWO REGULATIONS TO STRENGTHEN THE CAPITAL MARKET

Jakarta, January 19, 2024. Indonesia Financial Services Authority (OJK) issued two Financial Services Authority Regulations (POJK) on the Capital Market, namely POJK Number 29 of 2023 on Shares Buyback and POJK Number 30 of 2023 on Communicating Key Audit Matters in the Public Accounting Report on the Audited Financial Report in the Capital Market. The issuance of these regulations was directed to strengthen Capital Market supervision.

POJK 29/2023 consolidates OJK's effort in overcoming obstacles in Public Companies' shares buyback and transfer of share buyback regulation implementation, which was previously regulated in POJK Number 30/POJK.04/2017.

The POJK aims to strengthen information disclosure and supervision, adjust regulations with the best practices in other countries, and accommodate transfer of share buyback mechanism, which has been exercisable in practice but has not been stipulated in detail in a regulation.

The regulation substantial of POJK 29/2023 are as follows:

1. Share buyback shall be agreed upon in the General Meetings of Shareholders.
2. Public Companies' obligation to announce information disclosure on share buyback and the content of the information disclosed.
3. Obligation to disclose information on funding sources used for share buyback.
4. The duration of share buyback finalization
5. Public Companies' obligation to transfer share buyback.
6. Transfer of shares buyback procedures
7. Implementation mechanism and procedures on transfer of share buyback.
8. Public Companies' obligation to report their share buyback and transfer of share buyback.

The issuance of POJK 29/2023 revoked POJK Number 30/POJK.04/2017.

POJK Number 30 of 2023

POJK Number 30 of 2023 issuance aims to eradicate communication imbalance on Key Audit in Public Accounting Report of the financial report audit from entities with public accountability aside from the issuer. The imbalance is due to the Audit Standards of Communication of Key Audit Matters in Independent Auditor Report (SA 701).

SA 701 stipulates on communicating Key Audit Matters in Public Accounting Report on complete set of financial report from issuers, published by the Institute of Indonesia Chartered Accountants.

The audit standards are a follow up from the new and revised auditor reporting standard in 2015 by International Auditing and Assurance Standards Board.

The regulation substantial of POJK 30/2023 are as follows:

- a. Entities with public accountability in the Capital Market consist of:
 1. Entities who carry out public offering and its securities listed/traded in the stock exchange;
 2. Entities who become a public fundraising platform to be invested in investment portfolio and its securities listed/traded in the stock exchange;
 3. Entities who become a public fundraising platform to be invested in investment portfolio and its securities not listed/traded in the stock exchange;
 4. Public Companies;
 5. Entities who carried out activities in the Capital Market; and
 6. Other entities in the Capital Market authorized by Financial Services Authority.
- b. The first implementation of communicating Key Audit Matters in the Public Accountant report shall be carried out with the following terms:
 1. For entities who carry out Public Offering and entities who become a public fundraising platform to be invested in investment portfolio and its securities listed and traded in the stock exchange, effective for 2023 annual financial report audits;
 2. For entities who become a public fundraising platform to be invested in investment portfolio and its securities not listed and traded in the stock exchange, effective for 2024 annual financial report audits; and
 3. For other entities in the Capital Market authorized by Financial Services Authority, effective for the first annual financial report audit.

The issuance of POJK 30/2023 is expected to bring equality to all Public Accountant reports on the Capital Market entities' audit report by communicating Key Audit Matters.

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