

**FINANCIAL SERVICES AUTHORITY
OF THE REPUBLIC OF INDONESIA**

COPY

REGULATION OF THE FINANCIAL SERVICES AUTHORITY

NUMBER 41/POJK.05/2015

CONCERNING

**PROCEDURE FOR ESTABLISHING THE STATUTORY MANAGERS IN
FINANCIAL SERVICES INSTITUTIONS**

BY THE GRACE OF GOD ALMIGHTY

**BOARD OF COMMISSIONERS OF THE FINANCIAL SERVICES
AUTHORITY,**

- Considering
- : a. that in order to carry out the task of supervising and regulating activities of the financial services sector as referred in Article 8 letter g and Article 9 letters e and f of Law Number 21 Year 2011 on the Financial Services Authority, Financial Services Authority has the authority to issue a regulation concerning procedures for establishing the statutory manager in the financial services institutions as well as appointing and establish the use of statutory managers;
 - : b. that in order to implement the provisions of Article 62 clause (6) Law Number 40 Year 2014 concerning Insurance, need to regulate about the appointment, assignment, tenure, and dismissal of statutory managers, and the rights and obligations of directors, commissioners, and / or non-active sharia supervisory board;
 - : c. Based on the considerations as meant in letters a and b, it is necessary to stipulate Regulation of the Financial Services Authority on Procedures for Establishing the Statutory Managers in Financial Services Institutions;
- In View of
- : 1. Law Number 21 Year 2011 regarding the Financial Services Authority (State Gazette of the Republic of Indonesia Year 2011 Number 111, Supplement to the State Gazette of the Republic of Indonesia Number 5253);

: 2. Law Number 40 of 2014 regarding Insurance (Official Gazette of the Republic of Indonesia Year 2014 Number 337, Supplement to the State Gazette of the Republic of Indonesia Number 5618);

HAS DECIDED

To Enact : REGULATION OF THE FINANCIAL SERVICES
AUTHORITY CONCERNING PROCEDURE FOR
ESTABLISHING THE STATUTORY MANAGERS IN
FINANCIAL SERVICES INSTITUTIONS

CHAPTER 1

GENERAL PROVISIONS

Article 1

1. Financial Services Authority, hereinafter referred to as FSA, is the Financial Services Authority as stipulated in Law Number 21 Year 2011 on the Financial Services Authority.
2. Statutory manager is an individual or legal entity assigned by FSA to exercise authority as referred in Law Number 21 Year 2011 regarding Financial Services Authority.
3. Financial Services Institutions is a financial services institution as meant in Law Number 21 Year 2011 regarding Financial Services Authority.
4. Board of Commissioners is the board of commissioners as meant in Law Number 21 Year 2011 regarding Financial Services Authority.
5. The Board of Directors is the financial institutions organ that perform oversight functions as meant in Law Number 40 of 2007 regarding Limited Liability Company for the Financial Services Institutions is a legal entity or a limited liability company that is equivalent to the Board of Directors for the Institute of Financial Services form of cooperatives legal entity, joint ventures, pension funds, local company, local public companies, or regional liability company.
6. The Board of Commissioners is Financial Services Institutions organs who performs the function of supervising and providing advice as meant in Law Number 40 Year 2007 regarding Limited Liability Company for Financial Services Institutions in the form of limited liability company or equivalent with Board of Commissioners for Financial Services Institutions that form of cooperatives legal entity, joint ventures, pension funds, local company, local public companies, or regional liability company.

7. Sharia Supervisory Board is part of the Financial Services Institutions organ for conducting business based on sharia principles, which performs the function of supervision over the Financial Services Institutions business to be in accordance with Islamic principles.
8. Consumers are consumers as meant in Law Number 21 Year 2011 regarding the Financial Services Authority.

CHAPTER 2

ESTABLISHING THE STATUTORY MANAGERS

Article 2

1. FSA can make designation and set a statutory use of business to take over all of the authority and functions of the Board of Directors, The Board of Commissioners, and / or the Sharia Supervisory Board of the Financial Services Institutions.
2. Designation and determination of the use of statutory managers conducted under the provisions of regulation in the financial services sector.
3. Designation and determination of the use of statutory managers other than carried out based on the provisions referred to in paragraph (2), may also done with assessment based from FSA, Financial Services Institutions meet the following criteria:
 - a. the financial condition of Institutions Financial Services may harm the interests of consumers, the financial services sector, and / or shareholders;
 - b. operation of Financial Services Institutions business activities is not in accordance with the provisions of the legislation in the financial services sector;
 - c. Financial Services Institutions has restrictions sanctioned on business activities;
 - d. Financial Services Institutions that being exploited by certain parties to facilitate and / or a criminal act in the financial services sector;
 - e. shareholders, the Board of Directors, Board of Commissioners, and / or the Sharia Supervisory Board Financial Services Institutions suspected of criminal conduct in the financial services sector which could disrupt operations at pertinent Financial Services Institutions;
 - f. Directors, Board of Commissioners, and / or the Sharia Supervisory Board Financial Services Institutions that is deemed incapable of overcome the problems that occurred at the Financial Services Institutions; and / or
 - g. Financial Services Institutions do not meet the written instruction to replace the Board of Directors, Board of Commissioners, and / or the Sharia Supervisory Board.

4. Designation and establishment of statutory managers exertion referred in clause (1) conducted by the Board of Commissioners based on the proposal of the chief executive from each of the financial services sector.
5. Designation and determination of statutory managers exertion for Financial Services Institutions that are specifically established based on legislation or established by the Government only after prior coordination with the Government.
6. Further provisions on the criteria for designation and establishment statutory managers exertion as referred in clause (3) shall be stipulated in the FSA Circular Letter.

Article 3

1. At the time of designation and establishment statutory managers exertion conducted by FSA, hence:
 - a. Statutory manager takes over all of the authority and functions of the Board of Directors, Board of Commissioners, and / or the Sharia Supervisory Board Organization Financial Services; and
 - b. Directors, Board of Commissioners, and / or the Sharia Supervisory Board Organization Financial Services declared inactive.
2. Since the takeover of the authority and functions of Board of Directors, Board of Commissioners, and / or the Sharia Supervisory Board referred in clause (1) letter a, Directors, Board of Commissioners, and / or the Sharia Supervisory Board are:
 - a. prohibited from running powers and functions as the Board of Directors, Board of Commissioners, and / or the Sharia Supervisory Board.
 - b. equired to help statutory manager in carrying out authority, functions and duties.
3. Directors, Board of Commissioners, and / or the Sharia Supervisory Board that have been deactivated are prohibited to resigned during its authority and functions taken over by the statutory managers.
4. FSA can reactivate some or all of the Board of Directors, Board of Commissioners, and / or Sharia Supervisory Board that have been deactivated referred to in clause (1) letter b after exertion statutory manager ends.
5. In the case of FSA reactivate partly of Directors, Board of Commissioners, and / or the Sharia Supervisory Board after exertion statutory manager ends, FSA gives a written instruction to the Financial Services Institutions to hold a shareholders meeting to designate the Board of Directors, Board of Commissioners, and / or the Sharia Supervisory Board.
6. In terms of FSA not to reactivate the entire Board of Directors, Board of Commissioners, and / or the Sharia Supervisory Board, FSA gives a written instruction to the statutory manager to hold shareholders meeting to designate the Board of Directors, Board of Commissioners, and / or new Sharia Supervisory Board prior to exertion of statutory manager ends.

Article 4

1. Inactive Directors, Board of Commissioners, and / or the Sharia Supervisory Board as referred to in Article 3 clause (1) letter b entitled to receive remuneration, which amount is determined by the general meeting of shareholders to consider the financial condition of the Financial Services Institutions, a maximum of 50% (fifty percent) from the remuneration received prior to the Board of Directors, Board of Commissioners, and / or the Sharia Supervisory Board is disabled.
2. In terms of inactive Board of Directors, Board of Commissioners, and / or the Sharia Supervisory Board appointed as a statutory managers then remuneration of the Board of Directors, Board of Commissioners, and / or the Sharia Supervisory Board referred to the applicable provisions of remuneration for statutory managers.

CHAPTER 3

PARTIES THAT APPOINTED AS STATUTORY MANAGERS

Article 5

1. FSA designate an individual or a legal entity as a statutory management.
2. Individuals can become statutory management as referred in clause (1) shall:
 - a. meet the equivalent requirements to Board of Directors, Board of Commissioners, and / or the Sharia Supervisory Board Organization Financial Services in accordance with the authority and functions that is taken over, evaluated by FSA; and
 - b. no conflict of interest with the Financial Services Institutions that will be managed, shareholders, Board of Directors, Board of Commissioners, and / or the Sharia Supervisory Board of the Financial Services Institutions that will be managed.
3. Directors, Board of Commissioners, the Sharia Supervisory Board and / or staff of the Financial Services Institutions does not cause problems may be designated as a statutory manager.
4. Legal entity which may be a statutory manager referred to in clause (1) is a similar Financial Services Institutions and have no conflict of interest with shareholders, the Board of Directors, Board of Commissioners, and / or the Sharia Supervisory Board of the Financial Services Institutions that will be managed.
5. In terms of legal entity form for statutory managers, members of the Board of Directors, Board of Commissioners, members of the Sharia Supervisory Board and / or employees of a legal entity that is assigned to execute the authority, functions, and the task of statutory managers should fulfill the requirements referred to in clause (2) letter a and b.

CHAPTER IV

DUTIES, AUTHORITY, RIGHTS AND RESPONSIBILITIES OF STATUTORY MANAGER

Article 6

1. Statutory managers have all the authority and functions of the Board of Directors, Board of Commissioners, and / or the Sharia Supervisory Board.
2. Statutory managers that has been assigned by FSA, has duty to:
 - a. save the wealth and / or collection of funds Financial Services Institutions and / or consumer;
 - b. controlling and managing the business activities of the funds Financial Services Institutions in accordance with the provisions of the legislation;
 - c. prepare a work plan which shall contain at least a saving measures that will be done if the Financial Services Institutions may still be saved;
 - d. propose to FSA in order for revoke the operating license of Financial Services Institutions if the Financial Services Institutions is judged can not be saved;
 - e. comply with the provisions of the legislation in the financial services sector;
 - f. comply with any written order from FSA regarding the control and management of business activities of Financial Services Institutions;
 - g. prevent and reduce losses for Consumers, community, and the financial services sector;
 - h. combating financial crimes committed by certain parties in the financial services sector; and
 - i. report its activities to FSA.
3. In carrying out the authority, functions and tasks referred to in clause (1) and clause (2), statutory managers may take these steps:
 - a. to retrieve the business continuance of specific Financial Services Institutions;
 - b. cancel or terminate the agreement made by the Financial Services Institutions with third parties that would harm and / or in accordance with statutory managers can be harmful to the interests the Financial Services Institutions and / or consumer;
 - c. diverting some or all of the wealth portfolio or business and / or collection of funds from the Institute of Financial Services according to statutory managers that can prevent greater losses for the Financial Services Institutions; and / or
 - d. diverting some or all property portfolio and / or collection of funds from consumer according to statutory managers that can prevent greater losses for consumers.

Article 7

1. Statutory Managers can ask parties who currently serves or has served as a member of the Board of Directors, Board of Commissioners, members of the Sharia Supervisory Board, employees of the Financial Services Institutions, and / or other parties who have information and / or certain documents related to the Financial Services Institutions business activities to provide information and / or documents referred to statutory managers.
2. The parties referred to in clause (1), required to provide information and / or certain documents related to the Financial Services Institutions business activities to statutory managers.

Article 8

1. Statutory managers is entitled to remuneration
2. The amount of remuneration referred to in clause (1) shall be determined by FSA with consideration such as fairness, complexity of the issues at the Financial Services Institutions, and the size of Financial Services Institutions asset.

Article 9

1. Statutory manager should submit monthly reports to FSA no later than the 10th of the following month.
2. If the deadline for submission of the report referred to in clause (1) falls on a public holiday, the deadline for submission is the next working day.
3. The report referred to in clause (1) shall at least contain information about:
 - a. things that have been done during the reporting period;
 - b. the development of financial soundness of Financial Services Institutions during the reporting period;
 - c. problems encountered in implementing duties;
 - d. strategic actions that will be done after the reporting period; and
 - e. recommendations to the FSA.
4. If necessary, FSA can ask the statutory managers to submit a report beside their monthly statements referred to in clause (1).

Article 10

Statutory manager hold the responsibilities all decisions and actions in implementing the authority, functions, and duties to FSA.

CHAPTER V COST OF STATUTORY MANAGERS

Article 11

1. Costs of business conduct of Financial Services Institutions during the statutory managers usage period be imposed to the Financial Services Institutions.
2. Remuneration fee for statutory managers as referred to in Article 8 clause (1) shall be imposed to the Financial Services Institutions.
3. In terms of the cost of remuneration referred to in clause (2) are not sufficient, FSA may set additional remuneration and / or other income of statutory managers imposed to FSA.

CHAPTER VI DISCONTINUATION OF STATUTORY MANAGERS

Article 12

1. The use of statutory manager come to end, if:
 - a. FSA decided that the use of statutory managers no longer needed; or
 - b. The business license of financial service institutions had been revoked.
2. FSA is authorized to perform replacement for statutory managers, if it is judged that the statutory managers is cheating, dishonest, negligent, incapable, and / or does not comply with the provisions of the legislation.
3. Further provisions about the termination of statutory managers referred to in clause (1) and replacement statutory managers as referred to in clause (2) shall be stipulated in the FSA Circular Letter.

Article 13

1. In terms of the use of statutory managers ended as referred to in Article 12 clause (1), statutory managers submit accountability reports to FSA.
2. The submission of accountability report referred to in clause (1) shall be submitted no later than 30 (thirty) business days after the end of the use of statutory managers.
3. Accountability report referred to in clause (1) shall at least contain information about:
 - a. things that had been done during performing their duties as a statutory managers;
 - b. the development of financial soundness of the Financial Services Institutions during performing their duties as a statutory Managers;
 - c. problems that they encountered when carrying out their duties;
 - d. recommendations to the FSA.
4. In terms of FSA approval for the statutory manager accountability reports as referred to in clause (2), Financial Services Institutions is compulsory to receive the statutory manager accountability reports that have been approved by FSA.

CHAPTER VII ADMINISTRATIVE SANCTIONS

Article 14

1. Without prejudice to criminal as stipulated in Article 53 and Article 54 of Law Number 21 Year 2011 on the Financial Services Authority, FSA has authority to enact administrative sanctions on parties who violate the provisions of Article 3 clause (3), (4), Article 7 (2), and Article 13 clause (4) of this FSA Regulation form:
 - a. written sanction; and/or
 - b. the prohibition to become a shareholders, controllers, Directors, Board of Commissioners, and / or the Sharia Supervisory Board a maximum of five (5) years in the financial services sector.
2. In addition to the administrative sanctions referred in clause (1), FSA can impose an additional administrative sanction or specific measures that stipulated in the legislation in the financial services sector to the parties committing violations referred to in clause (1).

CHAPTER VIII
CONCLUDING PROVISION

Article 15

This FSA Regulation shall come into force on the date of its stipulated.

For public cognizance, this Regulation of FSA shall be announced in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta
On 21 December 2015
HEAD OF THE BOARD OF
COMMISSIONERS OF THE
FINANCIAL SERVICES
AUTHORITY,

Signed by,

MULIAMAN D. HADAD

Enacted in Jakarta
On 28 December 2015
MINISTER OF LAW AND HUMAN RIGHTS
OF THE REPUBLIC OF INDONESIA,

Signed by,
YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2015 NUMBER
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Copy is in accordance with the original;
Director of Legal Affairs I
Department of Law,

Signed by,

Sudarmaji