

PRESS RELEASE

OJK ISSUES REGULATION ON CAPITAL MARKET INVESTMENT PRODUCTS TO SUPPORT TAX AMNESTY PROGRAM

Financial Services Authority, Jakarta, August 5, 2016: The Financial Services Authority (OJK) has issued the Financial Services Authority Regulation (POJK) No. 26/POJK.04/2016 on Investment Products within the Capital Market in order to Support the Law on Tax Amnesty.

The POJK signifies the OJK's concrete commitment to supporting the national policy on Tax Amnesty.

The OJK realizes that implementation of the Tax Amnesty Law needs full support and immediate responses due to the time limit set by the law.

The issue of the POJK is also expected to give a stronger legal basis and answer some concerns that the public has about investment products in the Capital Market, which are offered as implementation of the Law on Tax Amnesty.

The main points of the POJK include the following matters:

1. Simplification of the process to open securities accounts for taxpayers who have obtained Tax Amnesty certificates. Such taxpayer now can submit the certificate as the main document when opening a securities account.
2. Ease of requirements concerning the presence of target companies for RDPTs [limited participation mutual funds], from the time an RDPTs is first registered until one year following its launch. The requirement ease is essential, in order to give investment managers opportunities to find target companies for the investment portfolios of their RDPTs.
3. The ease comes in form of adjustment on the minimum investment amount required from customers of Customized Securities Portfolio Management (Discretionary Funds or KPD), from a minimum of IDR 10 billion to IDR 5 billion. This is to anticipate taxpayers who repatriate funds of less than IDR 10 billion, so they can invest the funds into KPD.
4. As long as the funds belonged to RDPT or KPD customers have not been invested in Target Companies or Securities Portfolios, Investment Managers that manage:
 - a. Limited participation mutual funds (RDPT) are granted discretion to place the customer funds in a time deposit offered by a Perception Bank, for an amount that represents more than 10% (ten percent) of the net asset value (NAB) of the RDPT scheme.
 - b. Discretionary funds (KPD) are granted discretion to place the customer funds in a time deposit offered by a Perception Bank, for an amount that represents more than 25% (twenty five percent) of the KPD Customer funds.
5. Simplification of documents for Registration Statements of Collective

Investment Contract Asset-Backed Securities (KIK EBA), Collective Investment Contract Real Estate Investment Trust, and Asset-Backed Securities with a form of participant letter (EBA SP), so investment managers and custodian banks can prepare investment products with periods that are in line with the time restriction set by the Tax Amnesty Law. Nevertheless, the document simplification will be implemented by maintaining quality of the information that investors should know.

6. The capital market investment products regulated in this POJK can be used not only as conventional investment instruments, but also as sharia-based investment instruments.
7. The POJK also gives freedom to investors to continue investing their funds in the Capital Market investment products, even though the holding period required by the Tax Amnesty Law has ended.
8. Immediate responses are among the key words for effective implementation of the Tax Amnesty law and the POJK has reflected such response. The OJK would also immediately set specific criteria for investment products not yet regulated in this POJK, in order to make the Tax Amnesty Law even more effective.
9. Maximum period for placement of funds in time deposits for RDPTs that have not made any investments in the target companies. The original period was 6 (six) months and now it has been extended to 1 (one) year since the registration of the RDPT.

Full details of the POJK are available from the OJK website at www.ojk.go.id.

The types of investment instruments regulated in article 6 point 2 of MOF Regulation No. 119 /PMK.08/2016—regarding Procedures for Asset Repatriation into Indonesia and Placement in Investment Instruments in the Financial Market in relation to the Tax Amnesty program—include as follows:

1. Debt securities, including Medium Term Notes (MTN);
2. Islamic Debt Papers (*Sukuk*);
3. Equities;
4. Mutual Funds Investment Units;
5. Asset-Backed Securities;
6. Real Estate Investment Trust Units;
7. Time Deposits;
8. Savings accounts;
9. Current accounts; and/or
10. Other financial market instruments including products from insurance companies, financing companies, pension funds, or venture capitals, which are approved by the OJK.

In accordance with the scope of the OJK duties and authorities, there are three financial services companies that can collect repatriated funds—results of the Tax Amnesty Program—namely:

1. Banks:

Instruments:

- Trust accounts
- Negotiable Certificate of Deposits (NCDs) and
- Other savings products according to their holding periods

2. Securities Brokers

Instruments:

- Equities Saham
- Government Bonds/ *Sukuk* (Islamic Debt Papers)
- Corporate Bonds/ *Sukuk* (SOEs and Private Companies)

3. Investment Managers

Instruments:

- Mutual Funds
- Limited Participation Mutual Funds (RDPT)
- Discretionary Funds (KPD)
- Real Estate Investment Trusts (DIRE)
- Collective Investment Contracts (KIKs)

The Government (the Ministry of Finance) has appointed 19 banks as Perception Banks, 18 Investment Managers and 19 Securities Brokers as Taxpayer Assets Management and they will play a role as the gateway for repatriated funds.

For more information:

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