

LEGAL ALERT

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Author

Leoni Silitonga

Co-Executive Partner
Roosdiono & Partners
(a member of ZICO Law)
leoni.silitonga@zicolaw.com

Sianti Candra

Senior Associate
Roosdiono & Partners
(a member of ZICO Law)
sianti.candra@zicolaw.com



New Regulations on Commercial Securities Issuance and Transaction in Money Market

Bank Indonesia (BI) recently started regulating the issuance of commercial securities (Surat Berharga Komersial) issued by companies offered through the Money Market (Pasar Uang). BI Regulation No. 19/9/PBI/2017 on Issuance and Transactions of Commercial Securities in the Money Market (“BI Regulation No. 19/9/PBI/2017”) came into force on 4 September 2017.

The Money Market is part of the financial system which consists of short-term trading, loan, or financing activities up to 1 year in rupiah and foreign currency. In the Money Market, non-bank companies can issue and offer commercial securities in the form of promissory notes with maturity dates of up to 1 year, to investors. This is an alternative funding option for businesses to raise capital.

Some of the key highlights of BI Regulation No. 19/9/PBI/2017 are set out below:

Registration of commercial securities issuances

Issuers must obtain approval for the registration of issuance of the commercial securities from Bank Indonesia for either a single/individual issuance or continuous issuance.

Issuers must comply with the following criteria in order to obtain approval:

Issuers of commercial securities requirements

Companies	
<ul style="list-style-type: none"> Listed companies on the Indonesian Stock Exchange or companies which have issued obligation and/ or susuk registered on the Indonesian Stock Exchange in the last 5 years; 	<ul style="list-style-type: none"> Non-listed companies, which: <ol style="list-style-type: none"> have operated for at least 3 years or less than 3 years, but backed by a bank or its parent company; have minimum equity of RP50 billion, and have generated net profit for the last 1 year.
Conditions	
<ul style="list-style-type: none"> Must have financial reports with Modified Unqualified Opinion Wajar Tanpa Modifikasian (WTM) consecutively for the last 3 years; Not in default condition for the last 3 years; Has good compliance and governance track records; Has prudential principles and risk management guidance; and Complies with the administrative requirements regulated by BI. 	

Commercial securities criteria

The commercial securities must fulfill the following criteria:

- be issued in Scripless form;
- be transferred electronically;
- be issued in discount (diskonto) system;
- be issued in rupiah or foreign denominated currency;
- have a minimal nominal value of RP10 billion or USD1 million or its equivalent in other foreign currencies for each issuance of the commercial securities'
- be purchased by the investor at a minimum nominal value of RP500 million or USD50 thousand or its equivalent in other foreign currencies;
- have a tenure of either 1 month, 3 months, 6 months, 9 months, or 12 months; and
- have a favourable rating by rating agencies registered in Bank Indonesia.

Supporting Institutions

The issuer may enlist the services of the supporting institutions which are registered with Bank Indonesia, such as:

- bank or securities companies that serves as the arranger of issuance of commercial securities;
- rating agencies;
- legal consultants;
- public accountants;
- public notaries; and
- other institutions.

Effective date

This registration procedure will be enforced on 2 January 2018 in order to allow the banks, securities companies, and other supporting institutions or professions need sufficient time to implement these requirements.

The offer of commercial securities

Upon receiving the registration approval from Bank Indonesia, the issuer can:

- offer the commercial securities to investors; and/or
- apply for the registration of commercial securities arrangement or administration to Bank Indonesia or PT Kustodian Sentral Efek Indonesia (KSEI).

Transaction of commercial securities in secondary market (Pasar Sekunder)

The holder of commercial securities can trade the securities in secondary market directly or through an intermediary, such as securities companies and brokers.

The transaction of commercial securities in the secondary market may be conducted using the Bank Indonesia Electronic Trading Platform (BI-ETP) system or other transactional means commonly used in Money Market.

If you have any questions or require any additional information, please contact [Leoni Silitonga](#), [Sianti Candra](#) or the ZICO Law partner you usually deal with.

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