

BLP NEWSLETTER

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Happy Independence Day! As we commemorate this momentous occasion in our beloved nation's history, we're excited to bring you the latest legal updates in our newsletter, celebrating progress and growth in our nation's legal landscape.

This month's newsletter brings you the latest developments in Indonesia's mining and finance sectors, where several key legislative updates have been introduced. In mining, new regulations have been enacted for licensing, and for the reopening of reclaimed areas. Additionally, the deadlines for exporting refined copper, iron, lead, and zinc have been extended, to support companies still completing their refining facilities.

In finance, upcoming regulations effective on 28 August 2024, will increase transparency in the capital markets by strengthening disclosure requirements for public companies. The Indonesia Stock Exchange has also introduced new rules on delisting and relisting, focusing on enhanced investor protection, while Bank Indonesia has rolled out new cybersecurity measures to combat rising threats in the financial sector. Moreover, updated guidelines for stock splits and reverse stock splits streamline the approval process, ensuring greater oversight and protection for investors.

As always, if you have any questions or need further clarification on these recent regulatory updates, please don't hesitate to reach out to your contact at BLP. We're here to help you navigate these changes and ensure your business is fully compliant and prepared. Thank you for trusting us as your partner, and we look forward to continuing our work together.

Stock Splits and Reverse Stock Splits: Updated Guidelines

by Mohammad Faiq Abiyyan

Indonesia Stock Exchange ("IDX") has issued **New Regulation*** relating to stock splits and reverse stock splits. The New Regulation came into effect on 1 April 2024.

The New Regulation clarify the provisions that companies must comply with to obtain principal approval for stock splits or reverse stock splits from the stock exchange on which they are listed ("**Principal Approval**"). The New Regulation gives the IDX authority to approve, reject, postpone or cancel applications for Principal Approval. When making a decision, the IDX will take into account the substance of the application, and investor protection. The New Regulation set out conditions under which Principal Approval could be declared null and void, or be revoked. These conditions primarily relate to investor protection.

The New Regulation allows a listed company to reapply for Principal Approval 6 months after a null and void declaration or a revocation.

*Decision Letter of the Board of Directors of PT Indonesia Stock Exchange Number KEP-00044/BEI/04-2024 of 2024 regarding Regulation I-I concerning Stock Splits and Reverse Stock Splits by Listed Company Issuing Equity Securities. This is in accordance with the Indonesia Financial Services Authority Regulation Number 15/POJK.04/2022 on Share Split and Stock Reverse Split by Public Company.

Mineral and Coal Mining: New Regulations

by Valya Hermayarani

New Regulations relating to the operation of mineral and coal mining businesses came into force on May 2024*.

The New Regulations aim to clarify the regulatory regime for special/mining business licence holders (**Licence Holders**). The New Regulations introduce broader rights than the previous regulations**, including the ability for subsidiaries of state-owned enterprises to apply for rolling 10 year licence extensions. Under the previous regulations, only state-owned enterprises were able to apply for this extension.

The New Regulations introduce the requirement that any Licence Holders, that have a stake in other entities that process, refine, develop and/or use of the resources that they are mining, must have a minimum direct or indirect shareholding of at least 30% in the other entity before they are eligible for a 10 year licence extension.

The New Regulations introduce a 5 year window giving businesses controlled by religious organisations priority bidding for special mining

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business permits. The previous regulations only provided priority bidding to state-owned and regionally-owned businesses.

Special mining business licences issued before the New Regulations came into effect, will remain valid until their expiry date.

*Government Regulation of the Republic of Indonesia Number 25 of 2024 concerning Amendments to Government Regulation Number 96 of 2021 concerning the Implementation of Mineral and Coal Mining Business Activities.

**Government Regulation of the Republic of Indonesia Number 96 of 2021 concerning the Implementation of Mineral and Coal Mining Business Activities.

Bank Indonesia: New Cyber Defence Strategy

by Kumalasari Retnopati

Bank Indonesia has responded to the increased threat of cyber crime in the financial sector by introducing new Regulation No. 2 of 2024* (the **New Regulation**). The New Regulation aims to stabilise Indonesia's currency amidst digital transformation, ensure payment systems are secure and reliable, and foster economic growth through secure digital finance practices.

The New Regulation focuses on key stakeholders, such as payment system providers, payment system infrastructure providers, financial institutions, and money market support institutions—collectively known as the **Organisers**. Under the New Regulation, the Organisers must comply with new guidelines for governance, prevention, and response to cyber threats. The New Regulation provides that Bank Indonesia will oversee compliance to ensure information system security and cyber resilience.

Organisers must report to Bank Indonesia about how they govern, prevent, and respond to cyber threats both annually and in case of any incidents. Failure to comply on the reporting obligation can lead to administrative penalties, including warnings, fines up to Rp5,000,000 per report, temporary suspension of activities, or even the revocation of licences and approvals.

Compliance with the New Regulation by the Organisers is expected to significantly enhance the Organisers' resilience, secure vital operations, and build trust with stakeholders.

*Regulation No. 2 of 2024 concerning Information System Security and Cyber Resilience for Payment System Providers, Money Market and Foreign Exchange Market Participants, and Other Parties Regulated and Supervised by Bank Indonesia, which took effect on 22 April 2024.

Provisions for Reopening Reclaimed Areas

by Faudzan Eka Putra

The Minister for Energy and Mineral Resources has issued updated regulations regarding the reopening of reclaimed areas*. Reclaimed Areas refers to land that has been restored or rehabilitated following mining activities. The updated regulations outline the procedures and requirements for reopening such areas, including provisions for providing replacement land and detailed activity plans for the reclamation and future use of the reopened land.

Mining license holders can apply to reopen reclaimed areas if they meet certain conditions. They must provide replacement land three times the size of the reclaimed area, including one part within the mining license area and two parts outside it for reclamation efforts. Applications must include a detailed activity plan covering background, reopening details, use, reclamation, and economic impacts, along with evidence of compliance and support from relevant authorities.

The activity plan for reopening a reclaimed area must include a justification for reopening that addresses issues such as safety, environmental protection, and resource optimisation. It should provide details on the location, size, and condition of the reclaimed area, and outline how the area will be used, supported by technical studies and a timeline.

Additionally, the plan must include annual reclamation activities, covering revegetation and maintenance along with estimated costs. It should detail the replacement land, including its location, area, and reclamation plan, with necessary approvals. An assessment of the environmental value of the reopened area is required, as well as a cost-benefit analysis that evaluates the costs and potential benefits of the reopening and reclamation efforts.

*Decree of the Minister of Energy and Mineral Resources Number 111.K/MB.01/MEM.B/2024 concerning Guidelines for Application, Evaluation, and Approval of Reopening Reclaimed Areas in Mineral and Coal Mining Business Activities

New Regulations on Mineral Refining and Export

by Annisa Ayu A



The Indonesian Minister for Energy and Mineral Resources has introduced Regulation No. 6 of 2024*, which provides an extended deadline for mining companies involved in refining copper, iron, lead, and zinc to export their processed products.

Originally, these companies faced a deadline of 31 May 2024, but under the New Regulations, this has been extended to 31 December 2024. This extension is specifically aimed at companies in the commissioning phase of their refining facilities, giving them additional time to reach optimal production levels before the new deadline.

To qualify for this extension, mining companies with existing permits (IUP) or special permits (IUPK) must meet specific eligibility criteria set out in the New Regulations. These companies must obtain approval from the Director General of Foreign Trade to legally export their products. Additionally, before receiving export approval, companies in the production phase must secure a recommendation from the Director General on behalf of the Minister, which will

be valid until 31 December 2024. Notably, existing export recommendations issued under the previous regulation (Ministerial Regulation No. 7 of 2023) will remain valid until their expiration, even after the New Regulations come into effect.

This regulatory extension is designed to ensure that mining companies have sufficient time to complete and optimise their refining facilities, which in turn supports the growth of Indonesia's domestic mineral processing industry. At the same time, the extended deadline allows these companies to continue participating in international markets, balancing the development of domestic infrastructure with the benefits of global trade.

*Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia Number 6 of 2024 concerning The Completion of Construction of Domestic Refinery Facilities for Metal Minerals came into force on 1 June 2024. This Regulation revokes Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia Number No. 7 of 2023 concerning the Continuation of Construction of Domestic Refinery Facilities for Metal Mineral.

Indonesia Stock Exchange: New Regulations

by Shafa Femalea Sekar Nuswantari

The Indonesia Stock Exchange (IDX) has introduced a new decree* relating to the delisting and relisting of companies, to enhance investor protection (the **New Decree**). The New Decree regulates two types of delisting, voluntary and forced – either on the order of the Financial Services Authority or the IDX. The New Decree requires delisting companies to comply with mandatory public disclosure requirements and mandatory share buyback requirements.

In addition, the New Decree increases the voluntary delisting fee to five times the latest annual listing fee.

Under the New Decree, forced delisting requirements include disclosure obligations. As for delisting on the order of the Financial Services Authority, the company is required to announce the progress of the process of changing its status from public to private company. Whereas for delisting on the order of IDX and leads to the securities suspension, the company is required to disclose its restoration plan and the restoration progress.

The New Decree modifies the rules around the delisting of Debt Securities and Sukuk (Efek Bersifat Utang dan Sukuk) from the IDX. Under the updated provisions, delisting can occur in three ways: at the request of the company that issued the securities, by an order from the IDX, or automatically when the securities are settled or concluded through a corporate action, such as a merger or acquisition.

In relation to relisting, the New Decree mandates that when a company that was previously delisted from the IDX is relisted, it will regain its original stock code. That is, IDX will assign the same code the company had before it was delisted.

Finally, the New Decree simplifies and streamlines the criteria for relisting shares on one of three specific boards: the Main Board, Development Board, or New Economy Board.

*Decree of the Board of Directors of the Indonesia Stock Exchange No. Kep.00054/BEI/05-2024 concerning Regulation No. I-N on the Cancellation of Listing (Delisting) and Relisting.

New Guidelines for Public Companies

by Luisa Srihandayani



The Financial Services Authority will introduce new regulations due to come into force on 28 August 2024, aimed at increasing transparency and confidence in Indonesia's capital markets. Specifically, the regulations will enhance disclosure obligations for public companies, including in relation to reporting share ownership and pledging activities.

A key change introduced by these regulations is the requirement that shareholders of a public company must submit a pledge activity report to the FSA if they pledge at least 5% of company's shares with voting rights. This new requirement ensures that significant financial maneuvers involving company shares are tracked and disclosed. The regulations also lay out more guidelines on the timing and format for pledging activity reports, ensuring consistency and clarity in the information provided.

In addition to pledge activity reports, the regulations update several aspects of ownership reporting obligations. Key updates include adjustments to the parties required to report ownership, the thresholds that trigger reporting obligations, and the reporting period.

It is advisable to consult your contact at BLP if you have any transactions that might trigger these obligations, as non-compliance could lead to administrative sanctions.

Ultimately, the implementation of the new regulations will foster a more transparent and well-supervised market environment, benefiting all stakeholders involved.

*The Financial Services Authority Regulation No. 4 Year 2024 on the Report on Ownership or Any Change in Share Ownership of a Public Company and Report on the Activities of Pledging Shares of a Public Company.

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