

**BUSINESS PERMITS AND
UNDERWRITING INSTITUTION**
(Regulation Financial Service Authority of R.I
Number 1/POJK.05/2017, dated January 11, 2017)

WITH THE BLESSING OF THE ONE AND ONLY GOD
BOARD OF COMMISSIONERS OF FINANCIAL SERVICE AUTHORITY

Considering:

Whereas, to implement the provisions in Article 9 paragraph (4), Article 12 paragraph (3), Article 14 paragraph (3), Article 18 paragraph (5), Article 22 paragraph (2), Article 23 paragraph (5), Article 25 paragraph (3), Article 29 paragraph (9), Article 52 paragraph (6), and Article 62 paragraph (2) of Law Number 1 Year 2016, concerning Underwriting, it is necessary to stipulate Regulation of Financial Service Authority on Business Permits and Underwriting Institution;

In view of:

1. Law Number 21 Year 2011 , concerning Financial Service Authority (Statute Book of the Republic of Indonesia Year 2011 Number 111, Supplement to Statute Book of the Republic of Indonesia Number 5253);
2. Law Number 1 Year 2016, concerning Underwriting (Statute Book of the Republic of Indonesia Year 2016 Number 9, Supplement to Statute Book of the Republic of Indonesia Number 3835);

D E C I D E S :

To stipulate:

REGULATION OF FINANCIAL SERVICE AUTHORITY, CONCERNING BUSINESS PERMITS AND UNDERWRITING INSTITUTION.

CHAPTER I
GENERAL PROVISIONS

Article 1

What is meant in this Regulation of Financial Service Authority by:

1. Underwriting shall be provision of guarantee by Underwriter on compliance with guaranteed financial obligation by Guaranteed Party to Guarantee Receiver as referred to in Law Number 1 Year 2016, concerning Underwriting.
2. Syariah Underwriting shall be provision of guarantee by Underwriter on compliance with obligatory financial position of Guaranteed Party to Guarantee Receiver based on Syariah principles as referred to Law Number 1 Year 2016, concerning Underwriting.
3. Syariah principles shall be principles under Islamic Law on Underwriting activity based on Islamic rules issued by Institution having authority to stipulate Islamic rules on syariah as referred to in Law Number 1 Year 2016, concerning Underwriting.
4. Repeating Underwriting shall be provision of guarantee on compliance with financial obligation of Underwriting Company as referred to Law Number 1 Year 2016, concerning Underwriting.
5. Repeating Syariah Underwriting shall be provision of guarantee on compliance with financial obligation of Syariah Underwriting Company and UUS as referred to in Law Number 1 Year 2016, concerning Underwriting.
6. Underwriting Institution shall be Underwriting Company, Syariah Underwriting Company, Repeating Underwriting Company, and Syariah Repeating Underwriting Company operating on Underwriting activity as referred to in Law Number 1 Year 2016, concerning Underwriting.
7. Underwriting Company shall be legal entity operating on finance which prime business activity is to act as Underwriter as referred to Law Number 1 Year 2016, concerning Underwriting operation.

8. Syariah Underwriting Company shall be legal entity operating on fainance which prime business activity is to act as Syariah Underwriter as referred to Law Number 1 Year 2016, concerning Underwriting operation.
9. Repeating Underwriting Company shall be legal entity operating on financial business activity operating as Repeating Underwriting Company as referred to in Law Number 1 Year 2016, concerning Underwriting.
10. Repeating Syariah Underwriting Company shall be legal entity operating on financial business activity operating as Repeating Syariah Underwriting as referred to in Law Number 1 Year 2016 , concerning Underwriting.
11. Underwriter shall be Party exercising Underwriting as referred to in Law Number 1 Year 2016, concerning Underwriting.
12. Guarantee Receiver shall be financial institution or offsite financial institution granting Credit, Financement, Financement based on Syariah principles or service contract to Guaranteed Party as referred to in Law Number 1 Year 2016, concerning Underwriting.
13. Guaranteed Party shall be Party that has been granted Credit, Financement, Financement based on Syariah principles, or service contract from financial institution or offsite financial institution that has been guaranteed by Underwriting Company or Syariah Underwriting Company as referred to in Law Number 1 Year 2016 , concerning Underwriting.
14. Credit shall be provision of money or collection equivalent therto, based on approval or agreement on loan and lend prepared by the bank or cooperatives with other parties that obligates the Debtor to settle its debt after a certain tperiod against interest as referred to in Law Number 1 Year 2016, concerning Underwriting.
15. Financement shall be provision of financial facilities or collection equivalent thereto based on approval or agreement, drawn up by finacement institution with other party that obligates the Party being financed to settle its debt until a certain period as referred to in Law Number 1 Year 2016 , concerning Underwriting.

16. Financement based on Syariah principles shall be financement as referred to in the Law governing Syariah Banking.
17. Syariah Business Unit hereinafter referred to as UUS, shall be working unit of Underwriting Company functioning as Head Office of Office or Unit operating Underwriting of business activity based on Syariah principles as referred to in Law Number 1 Year 2016, concerning Underwriting.
18. Financial Institution shall be bank or non-bank financial institution.
19. Branch Office shall be Branch Office of Underwriting Institution that is directly responsible to the Head Office or UUS.
20. Underwriting Certificate shall be approval of Underwriting of Underwriting Company to Guarantee Receiver of financial obligation of Guaranteed Party as referred to in Law Number 1 Year 2016 , concerning Underwriting.
21. Kasfalah Certificate shall be proof of approval of Syariah Underwriting from Syariah Underwriting Company or UUS granted to Guarantee Receiver on financial obligation of Guaranteed Party as referred to dalam Law Number 1 Year 2016, concerning Underwriting.
22. Controlling Shareholder hereinafter referred to as PSP shall be Any Person:
- a. personally possessing 25% (twenty-five) percent shares or capital of Underwriting Institution or more than the total number of shares issued and having the right to vote; or
 - b. personally possessing 25% (twenty-five) percent shares or capital of Underwriting Institution less than 25% (twenty-five) percent of the total number of shares issued and having the right to vote but the party concerned is proven to have successfully exercised control over such Underwriting Institution, either directly or indirectly.

23. Paid-up Capital:

- a. for Underwriting Institution in the form of limited liability legal entity, must be in the form of paid-up capital;
- b. for Underwriting Institution in the form of cooperatives legal entity, must be in the form of principal saving and obligatory saving; or
- c. for Underwriting Institution in the form of public company legal entity, must be in the form of participation in State-owned capital.

24. Board of Directors shall be Board of Directors as referred to in Law Number 40 Year 2007, concerning Limited Liability Company for Underwriting Institution in the form of limited liability legal entity or equivalent to Board of Directors of Underwriting Institution in the form of public legal entity or cooperatives.

25. Board of Commissioners shall be Board of Commissioners as referred to in Law Number 40 Year 2007, concerning Limited Liability Company of Underwriting Institution in the form of limited liability legal entity or equivalent to Board of Commissioners of Underwriting Institution in the form of public legal entity company or cooperatives.

26. Board of Syariah Supervisory, hereinafter referred to as DPS shall be part of organization of Syariah Underwriting Company, Syariah Repeating Underwriting, and Underwriting Company possessing UUS that is assigned the duty and function of supervisory that supervises operation of Syariah Underwriting business operation and Syariah Repeating Underwriting so as to justify with Syariah principles.

27. General Meeting of Shareholders, hereinafter referred to as RUPS shall be general meeting of shareholders as referred to in Law Number 40 Year 2007, concerning limited liability company of Underwriting Institution in the form of limited liability legal entity or equivalent to RUPS of Underwriting Institution in the form of public legal entity company or cooperatives.

28. Merging shall be legal act exercised by two (2) or more Underwriting Institutions to amalgamate into one (1)

by establishing one (1) new Underwriting Institution which by law acquires assets, liabilities, and equities from the merging Underwriting Institution causing the legal status of the merging Underwriting Institution to cease by law.

29. Merger shall be legal act exercised by one (1) or more Underwriting Institution to merge itself to another existing Underwriting Institution resulting in the assets, liabilities, and equities of the merging Underwriting Institution to be transferred by law to the Underwriting Institution receiving the merger and thereafter the legal status of the merging Underwriting Institution hereby ceases by law.

30. Acquisition shall be legal action exercised by legal entity or individual person in acquiring the shares of Underwriting Institution resulting in transfer of control over such Underwriting Institution.

31. Split shall be legal action exercised by Underwriting Institution in splitting business resulting in all assets, liabilities, and equities of Underwriting Institution are transferred by law into (2) legal entities or more, or some of the assets, liabilities, and equities of Underwriting Institution are transferred by law to one (1) or more legal entities.

32. Professional Certification Institution shall be institution for exercising professional certification that has obtained license from State-owned Institution holding authority to issue license to Professional Certification Institution in Indonesia.

33. Every Person shall be Individual Person or Business Entity, either in the form of legal entity or non-legal entity as referred to in Law Number 1 Year 2016, concerning Underwriting.

CHAPTER II

TYPE OF LEGAL ENTITY AND CAPITAL

Part One

Type of Legal Entity

Article 2

Underwriting Institution legal entity shall be in the form of:

- a. public company;
- b. limited liability company; or
- c. cooperatives.

Article 3

Underwriting Institution in the form of public legal entity company as referred to in Article 2 letter a may be owned only by the Central Government based on the Law that governs State-owned Business Entity.

Article 4

(1) Underwriting Institution in the form of limited liability company legal entity as referred to dalam Article 2 letter b may be owned only by:

- a. Indonesian citizen and/or Indonesian legal entity that is directly or indirectly owned by Indonesian citizen;
- b. Indonesian citizen and/or Indonesian legal entity as referred to letter a jointly with Foreign citizen or Foreign legal entity;
- c. Central Government; and/or
- d. Regional Administration.

(2) Foreign ownership in Underwriting Institution in the form of imited liability legal entity, either directly or indirectly is 30% (thrity) percent of Paid-Up Capital.

(3) Foreign ownership in Underwriting Institution as referred to in paragraph (2) must be paid-up in cash form placed at local bank account in the name of Underwriting Institution.

(4) Foreign legal entity as referred to in paragraph (1) letter b must constitute Financial Service Institution in the country of origin.

Article 5

Underwriting Institution in the form of Cooperatives legal entity as referred to in Article 2 letter c may be owned by members of the Cooperatives based on the Law that governs Cooperatives matter.

Article 6

Underwriting Institution in the form of Cooperatives legal entity as referred to in Article 2 letter c exercising Underwriting operations may not act as Guarantee Receiver and/or Guaranteed Party.

Part Two

Capital

Article 7

- (1) Paid-up Capital in Underwriting Institution shall be stipulated based on the scope of operational area.
- (2) Total Amount of Paid-Up Capital of Underwriting Company and Syariah Underwriting Company is at least:
 - a. Rp.100.000.000.000,00 (one hundred billion Rupiahs), for National regional scope;
 - b. Rp.25.000.000.000,00 (twenty-five billion Rupiahs), for Provincial area; or
 - c. Rp.10.000.000.000,00 (ten billion Rupiahs), for Regency or Municipality area.
- (3) Total Amount of Paid-Up Capital by Repeating Underwriting and Repeating Syariah Underwriting for the entire operational areas is fixed at minimum Rp.200.000.000.000,00 (two hundred billion Rupiahs).
- (4) Paid-Up Capital as referred to in paragraph (2) and paragraph (3) must be fully paid-up in cash in the form of term deposit in the name of Underwriting Company and Repeating Underwriting Company at either commercial bank of syariah commercial bank in Indonesia.
- (5) Paid-Up Capital as referred to in paragraph (2) and paragraph (3) shall be obliged to fully pay-up in cash and in term deposit in the name of Syariah Underwriting Company and Repeating Syariah Underwriting Company at either syariah commercial bank or Syariah Business Unit of commercial bank in Indonesia.

Part Three

Scope of Operational Areas

Article 8

- (1) Scope of operational areas of Underwriting Institution cover National, Provincial, and Regency / Municipality areas.

- (2) The scope of operational areas of Underwriting Institution must be stated transparently in the Articles of Association of Underwriting Institution.

Article 9

- (1) Underwriting Institution is prohibited from opening Branch Office offsite its operational areas.
- (2) Underwriting Institution's scope of Provincial and Regency / Municipality operational areas are prohibited from carrying out direct Underwriting or Syariah Underwriting for Guaranteed Party offsite their respective operational areas.
- (3) Scope of Underwriting Institution's Provincial or Regency / Municipality areas are prohibited from exercising indirect Underwriting or Syariah Underwriting for Guaranteed Party offside their respective operational areas, unless the provisions below are complied with:
- Underwriting Institution operates jointly with other Underwriting Institution offsite their respective operational areas by mechanism of Underwriting or Syariah Underwriting bersama; atau
 - Guaranteed Party shall be debtor of Guarantee Receiver held by the same Shareholder as and Underwriting Institution.

CHAPTER III

OWNERSHIP

Article 10

- (1) If Shareholder is in the form of Indonesia legal entity, amount of capital participation at Underwriting Institution is fixed as follows:
- equity of the local entity concerned if no other participation exists; or
 - equity of legal entity concerned is less than the other capital participation that has been made.
- (2) The equity referred to in paragraph (1) shall be:

- a. total amount of Paid-Up Capital, Reserve, and Withholding Profit if legal entity in the form of limited liability company and public company; or
- b. total amount of principal saving, obligatory saving, grant, participating capital, reserve fund, and remaining business proceeds if owner's legal entity in the form of Cooperatives.

Article 11

- (1) Any Person may only become PSP in one (1) Underwriting Company, one (1) Syariah Underwriting Company, one (1) Reapeating Underwriting Company, and/or one (1) Repeating Syariah Underwriting Company.
- (2) The provision referred to in paragraph (1) does not apply if PSP is Government-owned and/or Regional Administration.

CHAPTER IV

BUSINESS LICENSE

Article 12

- (1) Any Person operating Underwriting business, Syariah Underwriting, Repeating Underwriting and Repeating Syariah Underwriting Syariah shall be obliged to first obtain Business License from the Financial Service Authority.
- (2) To obtain Business License as referred to in paragraph (1), the Board of Directors shall be obliged to submit application for Business License to the Financial Service Authority.

Article 13

- (1) The Board of Directors shall submit the appllication for Business License referred to in Article 12 paragraph (2) to the Financial Service Authority using Format 1 as specified in Attachment constituting inseparable part of this Regulation Financial Service Authority.
- (2) The application for Business License referred to in paragraph (1) must be supported by:
 - a. photocopy of Deed of Establishment of Legal Entity that has been ratified by the competent authority stating at least:

1. name, domicile, and scope of operational areas;
 2. purposes and objectives of business operations;
 3. capital;
 4. ownership; and
 5. authority, responsibility, period of terms of office of members of the Board of Directors, members of the Board of Commissioners and/or members of DPS,
and amendment to Articles of Association (if any) supported by evidential proof of ratification, approval, and/or evidential receipt of notification from the competent authority;
- b. organizational structure indicating the functions on risk management, financial management, and services management as decided by the Board of Directors, supported by structural personnel, definition of duty, authority, and responsibility;
- c. data of Shareholders or members other than PSP:
1. if Shareholder or member shall be individual person, that complies with the required document:
 - a) one (1) most recent photograph size 4 x 6 cm;
 - b) photocopy of valid Citizen Identity Card (KTP) or Passport;
 - c) curriculum vitae;
 - d) photocopy of Obligatory Taxpayer Identification Number (NPWP);
 - e) photocopy of Tax Notification Letter (SPT) for the last one (1) year;
 - f) Statement Letter from Shareholder stating that:
 - 1) paid-up capital not originating from loan / is non-loan;
 - 2) paid-up capital not originating from money laundering) and financial crime;
 - 3) not encountering bad Credit and/or financial position;
 - 4) is not listed in the list of prohibition from becoming shareholder or party exercising management, supervisory and/or has significant impact on financial service institution;
 - 5) has never been prosecuted for committing criminal act on financial service business and/or economy by Court Judgment that has legal and permanent power within the last five (5) years;
 - 6) has never been prosecuted for committing criminal act by Court Judgment that has legal

and permanent power within the last five (5) years;

- 7) has never been declared bankrupt or declared guilty causing a limited liability company to be declared bankrupt by Court Judgment that has final legal power within the last five (5) years; and
- 8) has never become Controlling Shareholder, member of Board of Directors, member of Board of Commissioners, or member of Syariah Board of Supervisory in Financial Service Company which Business License is revoked for committing violation within the last five (5) years;

Article 13

- (1) The Board of Directors shall submit application for Business License referred to in Article 12, paragraph (2), to Financial Service Authority using Form-1 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority.
- (2) The application for Business License referred to in paragraph (1) must be supported by:
 - a. photocopy of Deed of Establishment of Legal Entity that has been ratified by the competent authority, that at least state:
 - 1. name, domicile, and scope of operational area;
 - 2. purposes and objectives as well as business operations;
 - 3. capital;
 - 4. ownership; and
 - 5. authority, responsibility, terms of office of members of the Board of Directors, members of the Board of Commissioners, and/or members of DPS, and amendment to Articles of Association (if any) supported by evidential proof of ratification, approval, and/or receipt of Notification Letter from the competent authority;
 - b. organizational structure featuring the functions of risk management, financial management, and services as stipulated by the Board of Directors, supported by personnel composition, description of duty, authority, and responsibility;

c. data of Shareholders or members other than PSP:

1. if Shareholder or member is individual, the required document shall be:

- a) one (1) latest photograph size 4 x 6 cm;
- b) photocopy of valid Resident Identity Card (KTP) or Passport;
- c) curriculum vitae;
- d) photocopy Obligatory Taxpayer Identification Number (NPWP);
- e) photocopy Tax Assessment Letter (SPT) for the most recent year;
- f) Statement Letter from Shareholder stating that:
 - 1) paid-up capital is not originating from loan;
 - 2) paid-up capital is not originating from money laundry and financial crime;
 - 3) has no credit and/or bad financement;
 - 4) is not listed in the list of prohibition from becoming shareholder or managing party, supervising, and/or having significant effect on Financial Service Institution;
 - 5) has never been prosecuted for committing crime on financial service business and/or economy by Court Judgment having final legal power within the last five (5) years;
 - 6) has never been prosecuted for committing criminal act by Court Judgment having final legal power within the last five (5) years;
 - 7) has never been declared bankrupt or declared guilty causing a limited liability company to be declared bankrupt by Court Judgment having final legal power within the last five (5) years; and
 - 8) has never become controlling shareholder, member of Board of Directors, member of Board of Commissioners, or member of Board of Syariah Supervisory in Financial Service Company which Business License is revoked for committing violation within the last five (5) years;

2. if Shareholder is legal entity, the required document shall be:

- a) photocopy Deed of Establishment of Legal Entity, including Articles of Association and the latest amendment thereto (if any) that are valid based on the provisions in the statutory regulation;

- b) financial report that has been audited by Public Accountant and/or the latest financial report;
 - c) list of Shareholders and details of the value of the respective shares ownership together with supporting document indicating the percentage of ownership both directly and indirectly;
 - d) photocopy of Obligatory Taxpayer Identification Number (NPWP); and
 - e) data of members of Board of Directors of the Legal Entity covering:
 - 1) one (1) most recent photograph size 4 x 6 cm;
 - 2) photocopy of valid Resident Identity Card (KTP) or Passport;
 - 3) curriculum vitae;
 - 4) photocopy of Obligatory Taxpayer Identification Number (NPWP); dan
 - 5) Statement Letter from member of the Board of Directors or Official equivalent thereto of the Legal Entity stating that:
 - (a) paid-up capital is not originating from loan;
 - (b) paid-up capital is not originating from money laundry and financial crime;
 - (c) has no credit and/or bad financement;
 - (d) is not included in List of Prohibition including therein List of Parties prohibited from becoming shareholder or party that manages, supervises, and/or has significant effect on financial service institution;
 - (e) has never been declared bankrupt or declared guilty causing a limited liability company to be declared bankrupt by Court Judgment that has final and final legal power within the last five (5) years; and
 - (f) has never become controlling shareholder at financial service company which Business License has been revoked for committing violation within the last five (5) years;
3. if the shareholder is the State of the Republic of Indonesia, provide photocopy of Government Regulation on capital participation to establish Underwriting Institution.; and

4. if a shareholder is Regional Administration, provide photocopy of Regional Regulation on Regional capital participation to establish Underwriting Institution;
- d. working systems and business procedures of Underwriting, Syariah Underwriting, Repeating Underwriting, or Repeating Syariah Underwriting in the form of:
 1. procedure of standard operation (standard operating procedure);
 2. example of joint venture agreement; and
 3. example of Underwriting Certificate or Kafalah Certificate to be used by Underwriting Institution;
 - e. proof of employing expert of Underwriting or Syariah Underwriting in the form of:
 1. proof of appointment of expert; and
 2. supporting document on compliance with the requirements for employing expert;
 - f. photocopy of proof of settlement of Paid-up Capital in the form of cash payment by shareholder or member and photocopy of proof of placement of minimum amount of Paid-up Capital in the form of term deposit in the name of the Underwriting Institution concerned at:
 1. either of the commercial bank or syariah commercial bank in Indonesia for Underwriting Company or Repeating Underwriting Company; or
 2. either of Syariah Commercial Banks or Syariah Business Unit of Commercial Bank in Indonesia or Repeating Syariah Underwriting Company, delegated by the bank receiving the payment and still valid during the application process of Business License;
 - g. work program for the first three (3) years that at least contain:
 1. feasibility study on market share and economy potentiality;
 2. plan on business activity of Underwriting Institution and all measures of activities to be taken to achieve such plan; and
 3. report on projected financial position, report on profit and loss, report on monthly balance sheet,

and assumption constituting the basis thereof that commences effective as of the Underwriting Institution starts operational activities;

- h. proof of available infrastructure that at least in the form of:
 - 1. list of fixed assets, inventory and proof of ownership or control;
 - 2. proof of ownership or control of office building; and
 - 3. photocopy of Obligatory Taxpayer Identification Number (NPWP);
- i. confirmation from the supervisory authority of the country of origin of expatriate, in the presence of automatic capital participation by foreign party; and
- j. other documents in the context of supporting the growth of healthy business, covering:
 - 1. photocopy Resolution of RUPS mentioning appointment of DPS, for Syariah Underwriting Company or Repeating Syariah Underwriting Company;
 - 2. report on initial financial position / establishment of Underwriting Institution;
 - 3. program concerning personnel / employees, including development plan on human resource in at least three (3) years ahead;
 - 4. photocopy of guideline on good management system for Underwriting Institution;
 - 5. photocopy of joint venture agreement between foreign party and Indonesia party, for Underwriting Institution wherein there exists participation of foreign legal entity or citizen of foreign country prepared in Indonesian language that at least contains:
 - a) capital composition, composition of members of Board of Directors and members of Board of Commissioners as referred to in the provisions in the statutory regulation on Underwriting; and
 - b) obligations of foreign party to prepare and exercise educational and training programs based on their respective expertise; and
 - 6. proof of settlement payment of Permits charges on the issue of Business License.

(3) Application for Business License as referred to in paragraph (1) shall be submitted **simultaneously** with application for assessment of capacity and compliance with by potential members of Board of Directors, members of Board of Commissioners, PSP, and members of DPS of Underwriting Institution.

- (4) Provision on assessment of capacity and compliance by potential members of Board of Directors, members of Board of Commissioners, PSP, and members of DPS Underwriting Institution and the format of application for assessment of capacity and compliance as referred to in paragraph (3) is governed in Regulation of Financial Service Authority on assessment of capacity and compliance.

Article 14

- (1) Financial Service Authority shall grant approval, request for supporting documents, or reject application for Business License as referred to dalam Article 13 paragraph (1) within 20 (twenty) working days as of the application for Business License is received.
- (2) In the context of granting approval or issue rejection as referred to in paragraph (1), Financial Service Authority shall:
- a. examine completeness of the document;
 - b. examine the paid-up capital;
 - c. analyze feasibility of the work program as referred to in Article 13 paragraph (2) letter g;
 - d. assess capacity and compliance as potential member of Board of Directors, member of Board of Commissioners, PSP, and members of DPS of Underwriting Institution; and
 - e. analyze compliance with the provisions in the statutory regulation on Underwriting.

(3) Financial
to be continued

(BN)

BUSINESS PERMITS AND UNDERWRITING INSTITUTION

(Regulation Financial Service Authority of R.I

Number 1/POJK.05/2017, dated January 11, 2017)

[Continued from Business News No. 9020 pages 32-48]

- (3) Financial Service Authority shall make inspection to the Office of Underwriting Institution to ensure whether the Underwriting Institution is ready to operate.
- (4) The Board of Directors Underwriting Institution shall be obliged to provide the complete documents as referred to in paragraph (1) within 20 (twenty) working days as of the date the request for complete documents is received from Financial Service Authority.
- (5) If the Board of Directors of Underwriting Institution submitted the complete documents as referred to in paragraph (4), Financial Service Authority shall either grant approval or reject the application based on the provisions as referred to in paragraph (1).
- (6) If within 20 (twenty) working days as of the date of request the complete documents as referred to in paragraph (1), Financial Service Authority receives no response yet to the request for complete documents, this shall mean the application for Business License is revoked.
- (7) If the application for Business License is approved, Financial Service Authority shall grant Business License.
- (8) Rejection to application for Business License as referred to in paragraph (1) shall be made in writing supported by reason for rejection.

Article 15

- (1) Having obtained Business License from Financial Service Authority Underwriting Institution shall be obliged to exercise business activity within four (4) months at the latest effective as of the date the Business

License is stipulated by Financial Service Authority.

- (2) Underwriting Institution shall be obliged to submit report on business operation as referred to in paragraph (1) to Financial Service Authority within 15 (fifteen) days at the latest effective as of the date business activity commences.
- (3) The Board of Directors shall be obliged to report the business operation referred to in paragraph (2) to Financial Service Authority using Form-2 as specified in Attachment constituting inseparable part of this Regulation Financial Service Authority.
- (4) The report on business operation referred to in paragraph (2) must be supported by:
 - a. photocopy of Joint Venture Agreement (if any);
 - b. Underwriting Certificate Kafalah (?) Certificate as has been exercised; and
 - c. photocopy of Permit for Permanent Stay and/or Permit to use expatriates issued by the competent authority for expatriate members of the Board of Directors and/or Board of Commissioners.

Article 16

- (1) The name of Underwriting Institution as referred to in Article 13 paragraph (2) letter a figure 1 must be stated clearly in the Articles of Association starting with the establishment of legal entity and stating the words:
 - a. Underwriting or Guarantee, or Underwriting Company;
 - b. Repeating Underwriting or Repeating Guarantee, or Repeating Underwriting Company;
 - c. Underwriting or Guarantee with the word of Syariah, for Syariah Underwriting Company; or
 - d. Repeating Underwriting or Repeating Guarantee with the word of Syariah, for Repeating Syariah Underwriting Company.
- (2) The use of the name as referred to in paragraph (1) for Underwriting Institution in the form of limited liability legal entity must comply with the provisions in the statutory regulation on Limited Liability Company.

CHAPTER V

SYARIAH BUSINESS UNIT

Part One

Establishment of UUS

Article 17

- (1) Underwriting Company shall exercise part of the Underwriting's business activities based on Syariah principles by establishing UUS.
- (2) Underwriting Company that establishes UUS as referred to in paragraph (1), shall be obliged to comply with the provisions below:
 - a. formulate the purposes and objectives of Underwriting Company to run part of the Underwriting business activities based on Syariah principles in the Articles of Association thereof; and
 - b. prepare and maintain separate bookkeeping of Underwriting Company.

Part Two

Working Capital of UUS

Article 18

- (1) UUS shall be obliged to have working capital in the amount of:
 - a. Rp.25.000.000.000,00 (twenty-five billion Rupiahs) for UUS of Underwriting Company within National regions;
 - b. Rp.10.000.000.000,00 (ten billion Rupiahs) for UUS of Underwriting Company within Provincial regions; or
 - c. Rp.5.000.000.000,00 (five billion Rupiahs) for UUS of Underwriting Company within Regency / Municipality areas.
- (2) The working capital referred to in paragraph (1) should have been deposited fully at syariah commercial bank or Syariah Business Unit of the commercial banks in Indonesia in the form of term deposit after it has been ratified / legalized by the receiving bank and still valid during the course of processing the application for permits for the UUS.

Part Three

UUS Permits

Article 19

- (1) The establishment of UUS as referred to in Article 17 paragraph (1) must first obtain approval from the Financial Service Authority.
- (2) To obtain permit for UUS as referred to in paragraph (1), the Board of Directors of Underwriting Company shall be obliged to submit application to obtain permit for UUS to Financial Service Authority using Form-3 as specified in Attachment constituting inseparable part of this Regulation Financial Service Authority.
- (3) The application for permit on UUS referred to in paragraph (2) must be supported by:
- a. Articles of Association and amendment if any, stating that:
 1. either of the purposes and objectives of Underwriting Company, i.e. to operation business on Syariah Underwriting; and
 2. authority and responsibility of DPS, supported by proof of approval and/or statement letter of acceptance from the competent authority;
 - b. photocopy of deposit of minimum working capital in the form of term deposit in the name of Underwriting Company at any syariah commercial bank or Syariah Business Unit of commercial banks in Indonesia that is ratified / legalized by the deposit receiving bank and still valid during the course of processing permit on UUS;
 - c. Decision Letter of the Board of Directors of Underwriting Company approving placement of working capital at UUS supported by amount of working capital placed;
 - d. Minutes of RUPS on appointment of DPS;
 - e. data of management of UUS, covering:
 1. photocopy of valid Resident Identity Card (KTP) or Passport;
 2. photocopy Obligatory Taxpayer Identification Number (NPWP);

3. curriculum vitae supported by most recent photograph Size: 4 x 6 cm;
 4. proof of appointment as management of UUS;
 5. proof of expertise, training, and/or experience on syariah financial matter; and
 6. statement letter stating:
 - a) has no Credit and/or is not in bad financemement; and
 - b) is not acting dual terms of office in other function at the same Underwriting Company, except as management of UUS as member of the Board of Directors;
 - f. initial financial report of UUS that is being split from the business activities of Underwriting Company;
 - g. organizational structure featuring the capacity of UUS and structure of UUS as stipulated by the Board of Directors, supported by total number and composition of personnel, duty, authority, and responsibility;
 - h. work program of UUS to be established for the first three (3) years that at least cover:
 1. feasibility study on market oportunity and economy potentiality;
 2. target of Syariah Underwriting and endeavours to be taken to accomplish such target;
 3. system and work procedure; and
 4. projected monthly balance sheet and assumption constituting the basis thereof effective as of the UUS exercises operational activity and projected report on financial position and report on financial performance.
- (4) The application for UUS permit referred to in paragraph (2) must be submitted simultaneously with the application for assessment of capacity and compliance by potential members of Underwriting Company's DPS.
- (5) Provision on assessment of capacity and compliance of potential members of Underwriting Company's DPS shall be exercised in line with the provisions governed in Regulation of Financial Service Authority on assessment of capacity and compliance.

Article 20

- (1) Financial Service Authority shall either grant approval for the request for supporting document, or reject the application for UUS permit referred to in Article 19 paragraph (2) within 20 (twenty) working days at the latest as of the date the application for permit is received.
- (2) In the context of either grant or rejection as referred to in paragraph (1), Financial Service Authority shall conduct:
 - a. examination on the document completeness;
 - b. examination of UUS' deposited work capital;
 - c. analysis of feasibility of UUS's work program as referred to in Article 19 paragraph (3) letter h;
 - d. assessment of capacity and compliance by potential members of DPS; and
 - e. analysis on compliance with the provisions in the statutory regulation on Underwriting.
- (3) The Board of Directors of Underwriting Company shall be obliged to submit supporting document as referred to in paragraph (1) within 20 (twenty) working days as of receipt of the request for complete document from Financial Service Authority.
- (4) If the Board of Directors of Underwriting Company has submitted the supported document as referred to in paragraph (3), the Financial Service Authority shall either approve or reject based on the provision as referred to in paragraph (1).
- (5) If within 20 (twenty) working days as of the request for supporting document referred to in paragraph (1), Financial Service Authority receives no response to the request for supporting document yet, Underwriting Company shall be deemed to have cancelled the application for UUS permit.
- (6) If the application for UUS permit is approved, Financial Service Authority shall decide to grant UUS permit to the UUS of Underwriting Company concerned.
- (7) Rejection to the application for UUS permit as referred to in paragraph (1) shall be proven in writing supported by reason of rejection.

Article 21

- (1) UUS shall be obliged to exercise business activity of Syariah Underwriting within three (3) months as of the date the UUS permit is stipulated.
- (2) UUS shall be obliged to submit report on the implementation of business activity of Syariah Underwriting to Financial Service Authority within 15 (fifteen) working days as of the date UUS business activity is commenced.
- (3) The report of UUS business activity referred to in paragraph (2) must be submitted by the Board of Directors Underwriting Company using Form-4 as specified in Attachment constituting inseparable part of this Regulation of Financial Service Authority supported by the documents below:
 - a. photocopy of Joint Operation of Syariah Underwriting entered into (if any); and
 - b. photocopy of Kafalah Certificate issued.

Part Four

UUS Management

Article 22

- (1) UUS shall be obliged to be managed by member of UUS management.
- (2) Such member of UUS management referred to in paragraph (1) shall at least comply with the provisions below:
 - a. has no outstanding Credit and/or bad financement;
 - b. does not takes dual terms of office at the same Underwriting Company, except such member of UUS management is member of the Board of Directors; and
 - c. possess expertise, training, and/or experience on syariah fiancement.

Article 23

- (1) Underwriting Company shall be obliged to report any change taking place on members of UUS management to Financial Service Authority within 15 (fifteen) working days as of the date of appointment of members of UUS management.

- (2) Member of the Board of Directors of Underwriting Company shall report any change made to members of UUS management as referred to in paragraph (1) supported by the documents referred to in Article 19 paragraph (3) letter e.

Part Five

Branch Office of Syariah Business Unit

Article 24

- (1) UUS may open Branch Office of UUS within the territory of the State of the Republic of Indonesia based on the scope of its operational area.
- (2) The Branch Office of UUS referred to in paragraph (1) has the authority to:
- a. decide and sign Kafalah Certificate; and
 - b. make decision either to pay or reject any claim.
- (3) The Branch Office of UUS as referred to in paragraph (1) shall be obliged to first of all obtain permit from Financial Service Authority.
- (4) UUS opening Branch Office of UUS shall be obliged to comply with the requirements:
- a. is not committing the provisions on the level of health of syariah financial condition;
 - b. is not under penalty of freezing the business operation by Financial Service Authority; and
 - c. possess experienced human resource and/or and have attended training on syariah finance.

Article 25

- (1) To obtain permit for opening Branch Office of UUS as referred to in Article 24 paragraph (3), the Board of Directors Underwriting Company shall be obliged to submit application to Financial Service Authority using Form-5 a referred to in the Attachment constituting inseparable part of this Regulation of Financial Service Authority.
- (2) Application for permit to open UUS Branch Office as referred to in paragraph (1) must be submitted supported by:

- a. data of members of management of UUS Branch Office covering:
 1. photocopy of valid Resident Identity Card (KTP) or Passport; and
 2. curriculum vitae;
- b. data of human resource possessing experience and/or training on syariah fiance, supported by evidential proof of experience and/or training attended;
- c. data on complete address of UUS Branch Office supported by proof of ownership or control over the office building; and
- d. work program of UUS Branch Office to be established that at least covers:
 1. target of Syariah Underwriting and steps taken to accomplish such target supported by assumption on:
 2. system and work procedure;
 3. operational structure; and
 4. total number and personnel organization.

Article 26

- (1) Financial Service Authority shall either approve or reject the request for supporting document required to obtain permit to open UUS Branch Office as referred to in Article 25 paragraph (1) within 20 (twenty) working days at the latest as of the date the comprehensive application is received.
- (2) In processing the application for permit to open UUS Branch Office, the Financial Service Authority shall:
 - a. analyze and review the document referred to in Article 25 paragraph (2);
 - b. analyze feasibility of the work program as referred to in Article 25 paragraph (2) letter d; and
 - c. analyze compliance with the provisions in the statutory regulation on Underwriting.
- (3) If within 20 (twenty) working days as of the date of request for supporting document as referred to in paragraph (1), Financial Service Authority still fail to receive respond to such request for supporting document,

Underwriting Company shall be deemed to have cancelled the application for permit to open UUS Branch Office.

- (4) If the application for permit to open UUS Branch Office is approved, Financial Service Authority shall decide to grant permit for opening UUS Branch Office to the Underwriting Company concerned.
- (5) Rejection to the application for permit to open UUS Branch Office as referred to in paragraph (1) must be supported by reason for rejection.

Article 27

- (1) The UUS intending to close UUS Branch Office shall be obliged to first of all notify the Guaranteed Party and/or Guarantee Receiver on:
 - a. plan to close the UUS Branch Office; and
 - b. procedure for settlement of rights and obligations.
- (2) The procedure for settlement of rights and obligations referred to in paragraph (1) letter b must be implemented based on the provisions in the statutory regulation and with due observance of the interest of Guaranteed Party and/or Guarantee Receiver.

Article 28

- (1) UUS shall be obliged to report to closure of UUS Branch Office to Financial Service Authority within ten (10) working days as of the date of the closure of UUS Branch Office.
- (2) The Board of Directors Underwriting Company shall report on the closure of UUS Branch Office as referred to in paragraph (1) using Form-6 as specified in the Attachment constituting inseparable part of this Regulation Financial Service Authority supported by:
 - a. proof of notification on the closure of UUS Branch Office as referred to in Article 27 paragraph (1) letter a; and

b. proof of settlement of rights and obligations of Guaranteed Party and/or Receiver of Guarantee.

(3) Based on the report referred to in paragraph (1), Financial Service Authority shall revoke the permit to open UUS Branch Office.

Article 29

Financial Service Authority shall have the right to revoke the permit to open UUS Branch Office if within six (6) months consecutively, the UUS Branch Office is proven to have failed to carry out operational activity.

Part Six

Closure of UUS

Article 30

(1) Underwriting Company shall terminate business activity based on syariah principles by first of all submit application for revocation of permit for UUS to Financial Service Authority.

(2) The termination of activity based on syariah principles implemented by UUS must comply with the provisions below:

- a. does not inflict loss to Guaranteed Party and Party Receiving Guarantee;
- b. notifies the Party Receiving Guarantee;
- c. assign the Syariah Underwriting portfolio to Syariah Underwriting Company or other UUSs; and
- d. settle all obligations conferred on it.

(3) The procedure and implementation of provisions referred to in paragraph (2) must be based on the provisions in the statutory regulation with due observance of the interest of the party and interest of the other related party.

Article 31

(1) The Board of Directors Underwriting Company shall notify the revocation of permit of UUS referred to in Article 30 paragraph (1) to Financial Service Authority using Form-7 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority.

- (2) The revocation of permit for UUS as referred to in paragraph (1) must be supported by:
- a. original Decision on grant of permit for UUS;
 - b. reason for closure; and
 - c. proof of implementation of the provision as referred to in Article 30 paragraph (2).
- (3) In processing the revocation of permit for UUS as referred to in paragraph (1), Financial Service Authority shall conduct:
- a. review of the supporting document; and
 - b. analyze compliance with the provisions as referred to in Article 30 paragraph (2) and compliance with the provisions in the provisions in the statutory regulation on other matters.
- (4) Period for revocation of permit for UUS as referred to in paragraph (1) shall be provided with 20 (twenty) working days as of the application is received.

Part Seven

Splitting-up UUS

Article 32

- (1) Underwriting Company shall be obliged to split-up UUS to become Syariah Underwriting Company based on the provisions below:
- a. if the assets value of UUS reaches at least 50% (fifty) percent of the total initial assets of the Master Underwriting Company based on the latest monthly report submitted to Financial Service Authority; or
 - b. the longest is 15 (fifteen) years effective as of validity of Law Number 1 Year 2016, concerning Underwriting.
- (2) The splitting-up of UUS to Syariah Underwriting Company based on the provision referred to in paragraph (1) letter a must be settled within 12 (twelve) months at the latest effective as of compliance with the terms and conditions.

- (3) If during the process of split-up as referred to in paragraph (2), the value of UUS assets decreases and no longer reaches at least 50% (fifty percent) of the total value of assets of its Master Underwriting Company, such terms and conditions shall not waive the obligations of Underwriting Company from splitting-up of UUS as referred to in paragraph (1).
- (4) Underwriting Company possessing UUS shall split the UUS prior to compliance with the terms and conditions as referred to in paragraph (1) by complying with the requirements as governed in this Regulation of Financial Service Authority and the provisions in the statutory regulation.

Article 33

- (1) Exemption is provided on Syariah Underwriting Company resulting from the splitting up as referred to in Article 32 paragraph (1) and paragraph (4) from the provision on Paid-up Capital as referred to in Article 7 paragraph (2) at establishment thereof.
- (2) Paid-up of Capital of the split-up / separated Syariah Underwriting Company as referred to in Article 32 paragraph (1) and paragraph (4) is fixed up at least:
- a. Rp.50.000.000.000,00 (fifty billion Rupiahs), for Syariah Underwriting Company within the regions Nationwide;
 - b. Rp.15.000.000.000,00 (fifteen billion Rupiahs), for Syariah Underwriting Company within Provincial regions; or
 - c. Rp.5.000.000.000,00 (five billion Rupiahs), for Syariah Underwriting Company within Regency / Municipality regions.
- (3) The Paid-up Capital as referred to in paragraph (2) shall be realized in full cash in the form of term deposit in the name of Syariah Underwriting Company at either of the Syarian commercial banks or Syariah Business Unit of the commercial bank in Indonesia, or in other form as permitted by the provisions in statutory regulation and based on Syariah standard accountancy.
- (4) Syariah Underwriting Company resulting from split-up as referred to in Article 32 paragraph (1) and paragraph (4) shall be obliged to increase Paid-up Capital to at least equivalent to the required capital as referred

to in Article 7 paragraph (2) for a term of maximum five (5) years as of the date the Syariah Underwriting Company business is stipulated.

Article 34

The UUS shall be split-up based on the provision as governed in this Regulation of Financial Service Authority and the provisions in the statutory regulation.

CHAPTER VI ORGANIZATIONAL STRUCTURE

Article 35

- (1) Underwriting Institution shall be obliged to formulate organizational structure featuring transparently the function of risk management and the function of financial management and the function of service provision.
- (2) Underwriting Institution shall be obliged to have working unit that handles the functions on:
 - a. marketing;
 - b. technical matter of Underwriting or Syariah Underwriting;
 - c. settlement of administrative claim;
 - d. financial and investment management;
 - e. risk management;
 - f. internal audit;
 - g. administration and accountancy;
 - h. compliance;
 - i. service and settlement of claims /complaints; and
 - j. development of Guaranteed information / database.
- (3) The organizational structure as referred to in paragraph (1) shall be supported by description of duty, authority, work procedure, all in writing as stipulated by the Board of Directors.
- (4) The organizational structure referred to in paragraph (1) and paragraph (2) must indicate existence of qualified internal control.

- (5) Underwriting Institution shall be obliged to have employees that are responsible for their respective function as referred to in paragraph (1).

CHAPTER VII

HUMAN RESOURCE

Part One

Certification

Article 36

- (1) Members of Board of Directors and members of Board of Commissioners shall be obliged to possess Certificate of Expertise on risk management issued by Professional Certification Institution on risk management.
- (2) Further provision on certification of members of Board of Directors and members of Board of Commissioners as referred to in paragraph (1) is governed in Circular Letter of Financial Service Authority.

Part Two

Expert Manpower

Article 37

- (1) Underwriting Institution shall be obliged to employ expert manpower on Underwriting or Syariah Underwriting.
- (2) The expert manpower on Underwriting or Syariah Underwriting as referred to in paragraph (1) shall be obliged to comply with the requirements below:
- possess Certificate of Expertise on Underwriting or Syariah Underwriting with expertise qualification issued by Professional Certification Institution on Underwriting or Syariah Underwriting;
 - has working experience on risk management for at least one (1) year; and
 - is not under penalty by Underwriting Institution.
- (3) Further provision on certification of expert manpower as referred to in paragraph (2) letter a is governed under Circulation Letter of Financial Service Authority.

Article 38

- (1) Underwriting Institution shall be obliged to report any appointment and/or dismissal of Underwriting expert manpower or Syariah Underwriting expert manpower within ten (10) working days as of the date of appointment and/or dismissal of any expert manpower.
- (2) The reporting of appointment of Underwriting expert manpower or Syariah Underwriting expert manpower as referred to in paragraph (1) must be notified by the Board of Directors to Financial Service Authority using Form-8 as specified in the Attachment constituting inseparable part of this Regulation Financial Service Authority, supported by the documents below:
 - a. photocopy of Certificate on expert manpower issued by Professional Certification Institution on Underwriting or Syariah Underwriting;
 - b. photocopy of valid Resident Identity Card (KTP) or Passport;
 - c. curriculum vitae with the most recent colored photograph size: 4 x 6 cm; and
 - d. Statement Letter from Underwriting Institution Association stating that the person concerned is not under penalty charge.

Part Three

Human Resource Development

Article 39

- (1) Underwriting Institution shall be obliged to exercise development program on capacity and competence of the manpowers annually.
- (2) Worker's capacity and knowledge as referred to in paragraph (1), shall be developed under educational and training program.

CHAPTER VIII

CHANGE OF THE SCOPE OF OPERATIONAL AREAS

Article 40

- (1) Underwriting Institution may change the scope of operational area.

- (2) The change of scope of operational area referred to in paragraph (1) covers:
- improvement in the scope of operational area; or
 - minimizing the scope of operational area.
- (3) The change in the scope of operational area as referred to in paragraph (2) must comply with the requirements below:
- the terms and conditions of Paid-up Capital within the scope of the intended area; and
 - obtained approval for changing the scope of operational area from PSP.
- (4) Underwriting Institution minimizing the scope of operational area as referred to in paragraph (2) letter b shall be prohibited from making deduction in the Paid-up Capital.
- (5) To change the scope of operational area referred to in paragraph (1), the Board of Directors shall be obliged to submit application for approval of the Financial Service Authority using Form-9 as specified in Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by:
- plan on amendment to Articles of Association;
 - evidential proof of approval for changing the scope of operational area from PSP; and
 - working program shall at least cover:
 - plan on business operation of Underwriting Institution and measures to be taken to accomplish such plans; and
 - projected financial report, profit and loss report, report on monthly balance sheet effective as of the Underwriting Institution starts operational activity with the scope of new operation.
- (6) In the event of expanded Provincial area or Regency / Municipality, Underwriting Institution shall decide to:
- increase the scope of operational area; or
 - choose either of Provincial areas or Regency / Municipality areas resulting from the expansion as the scope of its operational area.
- (7) Underwriting Institution shall be obliged to make a choice as referred to in paragraph (6) within three (3) years as of the date the area is expanded.

- (8) Provision on the change to the scope of operational area as referred to in paragraph (3) and paragraph (5), shall mutatis mutandis applies on improvement of the scope of operational area as referred to in paragraph (6) letter a.
- (9) Underwriting Institution deciding to choose either Provincial area or Regency / Municipality area resulting from the expansion of the scope of operational area as referred to in paragraph (6) letter b shall be obliged to report to the Financial Service Authority by providing:
- a. proof of approval to the change to the scope of operational area of PSP; and
 - b. proof of statutory regulation constituting the basis for area expansion.

Article 41

- (1) Financial Service Authority shall either grant approval or reject the application for amendment to the scope of operational area as referred to in Article 40 paragraph (5) within 20 (twenty) working days as of the date the application for approval for amendment to the scope of operational area is declared comprehensive.
- (2) Prior to either grant or reject the application referred to in paragraph (1), the Financial Service Authority shall:
- a. examine the document referred to in Article 40 paragraph (5);
 - b. analyze the feasibility of the work program as referred to in Article 40 paragraph (5) letter c; and
 - c. analyze compliance with the provisions in the statutory regulation on Underwriting.
- (3) If the application for amendment to the scope of operational area is incomprehensive, the Financial Service Authority shall notify on the requirements to be complied with and/or the complete document to be submitted Underwriting Institution within 20 (twenty) working days as of receipt of the application.
- (4) If the application for amendment to the scope of operational area is approved, the Financial Service Authority shall issue approval letter for amendment to the scope of operational area to the Underwriting Institution.

- (5) Rejection to the application for amendment to the scope of operational area referred to in paragraph (1) shall be made in writing supported by reason for rejection.

CHAPTER IX

REPORTING

Part One

Reporting of Amendment to Articles of Association

Article 42

- (1) Underwriting Institution in the form of limited liability legal entity making amendment to Articles of Association shall be obliged to report to Financial Service Authority within 15 (fifteen) working days as of the approval or notification letter is received from the competent authority.
- (2) Underwriting Institution in the form of Cooperatives legal entity and/or public company making amendment to particular Article of Association shall be obliged to report to Financial Service Authority within 15 (fifteen) working days as of the date amendment is made to the Articles of Association.
- (3) The amendment made to particular Articles of Association as referred to in paragraph (1) or paragraph (2) covering:
- name of Underwriting Institution;
 - purposes and objectives as well as business operations of Underwriting Institution;
 - change of domicile of the Head Office of Underwriting Institution;
 - deduction of Paid-up Capital of Underwriting Institution in the form of limited liability legal entity;
 - addition to Paid-up Capital of Underwriting Institution in the form of limited liability legal entity; and/or
 - status of Underwriting Institution in the form of private limited liability legal entity that changes to public limited liability company or vice versa.

Article 43

- (1) The Board of Directors of Underwriting Institution shall be obliged to report to the Financial Service Authority using Form-10 on any change made to the name of Underwriting Institution as referred to in Article 42 paragraph (3) letter a as specified in the Attachment constituting inseparable part of this Regulation of

Financial Service Authority, supported by photocopy of Obligatory Taxpayer Identification Number (NPWP) as to the new name of Underwriting Institution; and

- a. amendment to Articles of Association supported by proof of approval from the competent authority on Underwriting Institution in the form of limited liability legal entity;
- b. photocopy of Minutes of Meeting of Members and/or amendment made to Articles of Association of Underwriting Institution in the form of Cooperatives legal entity; or
- c. Government Regulation constituting the basis for changing the name of Underwriting Institution in the form of legal public company.

(2) The Board of Directors Underwriting Institution shall be obliged to report any amendment made to purposes and objectives and business operations of Underwriting Institution referred to in Article 42 paragraph (3) letter b, to the Financial Service Authority using Form-11 as specified in the Attachment constituting inseparable part of this Regulation Financial Service Authority, supported by document on such amendment made to Articles of Association and evidential proof of ratification or approval of the competent authority.

(3) The Board of Directors of Underwriting Institution shall be obliged to report any change made to the domicile of the Head Office of Underwriting Institution as referred to in Article 42, paragraph (3) letter c to Financial Service Authority using Form-12 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by photocopy of Obligatory Taxpayer Identification Number (NPWP) on the new address of Underwriting Institution, and:

- a. amendment to Articles of Association supported by proof of approval of the competent authority on Underwriting Institution in the form of limited liability legal entity;
- b. photocopy Minutes of Meeting of Members and/or amendment to perubahan Articles of Association bagi Underwriting Institution yang berbentuk badan hukum koperasi; atau
- c. Government Regulation constituting the basis for changing the domicile of Underwriting Institution in the form of legal public company.

(4) Paid-up Capital as referred to in Article 42 paragraph (3) letter d may be deducted by Underwriting Institution with due consideration of compliance with the terms and conditions of minimum Paid-up Capital and

compliance with the terms and conditions on minimum equity.

- (5) The Board of Directors of Underwriting Institution shall be obliged to report any deduction made to Paid-up Capital of Underwriting Institution in the form of limited liability legal entity as referred to in Article 42 paragraph (3) letter d, to Financial Service Authority using Form-13 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by document on amendment to Articles of Association and proof of approval or the competent authority.
- (6) Foreign legal entity constituting Shareholder may make addition to Paid-up Capital as referred to in Article 42 paragraph (3) letter e, in cash by placing it into the local bank account in the name of Underwriting Institution.
- (7) Addition to Paid-up Capital as referred to in Article 42 paragraph (3) letter e, may be made only in the form of:
 - a. cash deposit;
 - b. converted profit balance;
 - c. converted loan issued in the form of convertible Bond;
 - d. shares dividend; and/or
 - e. land and building.
- (8) Addition to Paid-up Capital in the form of land and building as referred to in paragraph (7) letter e, may be made only by the Shareholder constituting Central Government or Regional Administration.
- (9) The Board of Directors of Underwriting Institution shall be obliged to report any addition to Paid-up Capital of Underwriting Institution as referred to in Article 42 paragraph (3) letter e, to Financial Service Authority using Form-14 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by:
 - a. the amendment made to Articles of Association and proof of receipt of notification by the competent authority;

b. proof of addition made to Paid-up Capital, namely:

1. photocopy proof of settlement deposit of Paid-up Capital by Shareholder and photocopy of proof of placement of Paid-up Capital in the name of Underwriting Institution at any commercial bank or syariah commercial bank in Indonesia that has been ratified by the bank receiving the deposit; any to Paid-up Capital, shall be made in cash;
 2. Financial Report of Underwriting Institution that has been audited by Public Accountant prior to making addition to Paid-up Capital shall be made in the form of converted profit balance and converted loan issued in the form of Bond, and/or shares dividend; and
 3. report of Independent Assessor as to the value of land and building that pertains to addition to Paid-up Capital shall be prepared based on the nature of the land and building;
- c. Statement Letter by Shareholder or members of Cooperatives declaring that Paid-up Capital is not originating from loan, money laundry and financial crime if addition to capital is made in cash;
- d. financial report has been audited by Public Accountant and/or the latest financial report, if the Shareholder is in the form of business entity, institution, or Cooperatives legal entity; and
- e. business plan and measures taken by Underwriting Institution in depositing additional Paid-up Capital.

(10) The Board of Directors of Underwriting Institution shall be obliged to report the status of Underwriting Institution in the form of private legal limited liability entity that changed to public limited liability or vice versa as referred to in Article 42 paragraph (3) letter f, to Financial Service Authority using Form-15 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by document on the amendment to Articles of Association and proof of approval of the competent authority.

Part Two

Report on Changes to members of the Board of Directors, members of the Board of Commissioners, and members of the Board of Syariah Supervisory and Shareholders

Article 44

(1) Underwriting Institution making the changes to members of Board of Directors, members of the Board of Commissioners, members of DPS, and/or Shareholder shall be obliged to report to Financial Service Authority.

ity within 15 (fifteen) working days at the latest as of:

- a. the date of recording of members of the Board of Directors, members of the Board of Commissioners, and/or Shareholder in the Company List;
- b. resolution of Meeting of Members; or
- c. the date of appointment of members of DPS.

(2) The Board of Directors of Underwriting Institution shall be obliged report the change of members of the Board of Directors, members Board of Commissioners, and/or members DPS of Underwriting Institution as referred to in paragraph (1), to Financial Service Authority using Form-16 as specified in the Attachment constituting inseparable part of this Regulation Financial Service Authority, supported by:

- a. photocopy Minutes of RUPS for Underwriting Institution in the form of limited liability legal entity;
- b. photocopy Minutes of Meeting of Members for Underwriting Institution in the form of Cooperatives legal entity; and
- c. proof of appointment of members the Board of Directors, members the Board of Commissioners, and/or members DPS for Underwriting Institution in the form of public company legal entity.

(3) The Board of Directors of Underwriting Institution shall be obliged to report any change to Shareholders of Underwriting Institution in the form of limited liability legal entity, as referred to in paragraph (1), to Financial Service Authority using Form-17 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by:

- a. photocopy Deed of Assignment of Rights to Shares, in the event of assignment of rights to shares;
- b. data of Shareholder other than PSP as referred to in Article 13 paragraph (2) letter c, in the presence of new Shareholder; and
- c. Statement Letter of Shareholder stating that the money used to purchase the shares of Underwriting Institution is not originating from money laundry and financial crime, in the event of Sales and Purchase of Shares.

(4) In the event that Underwriting Institution exercises shares trading on the Stock Exchange the obligatory reporting of the change of Shareholder as referred to in paragraph (1) applies if:

- a. a change takes place on the Shares but not acquired from shares being traded on the Stock Exchange; and/or
- b. a change takes place in PSP.

Part Three

Report on Amendment to Legal Entity

Article 45

- (1) Underwriting Institution making amendment to the nature of legal entity shall be obliged to report to Financial Service Authority within 15 (fifteen) working days at the latest as of the letter of approval for the change of the nature of legal entity is received from the competent authority.
- (2) The Board of Directors of Underwriting Institution shall be obliged to report any amendment made to the nature of legal entity as referred to in paragraph (1), to Financial Service Authority using Form-18 as specified in the Attachment constituting inseparable part of this Regulation Financial Service Authority, supported by document on:
 - a. Minutes of RUPS or Government Regulation on amendment to the nature of legal entity of Underwriting Institution;
 - b. proof of amendment to the nature of legal entity that has been ratified by competent authority;
 - c. Minutes of Assignment of all rights and obligations from the previous legal entity to the new legal entity; and
 - d. photocopy of Obligatory Taxpayer Identification Number(NPWP) in the name of the new Underwriting Institution legal entity.

Part Four

Report on Change of Address

Article 46

- (1) Underwriting Institution changing the addresses of its Head Office and Branch Office shall be obliged to report Financial Service Authority within 15 (fifteen) working days at the latest as of the date the change is made.

- (2) The change of office's address as referred to paragraph (1) must comply with the scope of its operational area.
- (3) The Board of Directors of Underwriting Institution shall be obliged to submit application to change the office's address as referred to in paragraph (1) using Form-19 as specified in the Attachment constituting inseparable part of this Regulation Financial Service Authority, supported by:
 - a. complete data on the address of Head Office and/or Branch Office; and
 - b. proof of control over the Office Building.

CHAPTER X

CONSOLIDATION, TAKING-OVER, AND SEPARATION

Part One

Consolidation

Article 47

- (1) Underwriting Institution may exercise:
 - a. Consolidation; or
 - b. Merger.
- (2) Only Underwriting Institution of the same form of legal entity may exercise consolidation or merger as referred to in paragraph (1) letter a and letter b.
- (3) Underwriting Institution exercising Underwriting operations based on Syariah principles may exercise Consolidation or Merger with Underwriting Institution that is also based on Syariah principles.

Article 48

- (1) Underwriting Institution exercising Consolidation or Merger, as referred to in Article 47 paragraph (1) shall be obliged to submit application for approval on the plan of Consolidation or Merger to Financial Service Authority.

- (2) The Board of Directors shall be obliged to submit application for approval referred to in paragraph (1), to Financial Service Authority using Form-20 as specified in the Attachment constituting inseparable part of this Regulation Financial Service Authority, supported by:
- a. Minutes of Resolution of RUPS that resolves the Consolidation or Merger;
 - b. Deed of Consolidation or Merger;
 - c. List of ownership of Underwriting Institution resulting from such Consolidation or Merger;
 - d. data of Shareholders or members other than PSP as referred to in Article 13 paragraph (2) letter c of Underwriting Institution resulting from the Consolidation or Merger;
 - e. the most recent audited financial report of Underwriting Institution exercising Consolidation or Merger;
 - f. provisional financial report of Underwriting Institution resulting from Consolidation or Merger;
 - g. working program for the first three (3) years as referred to in Article 13 paragraph (2) letter g or Underwriting Institution resulting from Consolidation or Merger;
 - h. organizational structure of Underwriting Institution as referred to in Article 13 paragraph (2) letter b of Underwriting Institution resulting from Consolidation or Merger;
 - i. Deed of Establishment of Underwriting Institution resulting from Merger; and
 - j. document as referred to in Article 13 paragraph (2) letter d, letter e, letter h, letter i and letter j of Underwriting Institution resulting from Merger.
- (3) Application for approval of Consolidation or Merger as referred to in paragraph (1) shall be submitted together with application for assessment of capacity of and compliance with by potential members of the

Board of Directors, members the Board of Commissioners, members of DPS, and PSP of Underwriting Institution resulting from Consolidation or Merger.

- (4) Application for assessment of capacity of and compliance with by potential members of the Board of Directors, members of the Board of Commissioners, members of DPS, and PSP of Underwriting Institution as referred to in paragraph (3) shall be submitted by referring to Regulation of Financial Service Authority on assessment of capacity of and compliance with by Financial Service Institution.

Article 49

- (1) Financial Service Authority shall either grant approval, or reject the application for approval on the plan for Consolidation or Merger as referred to in Article 48 paragraph (1) within 20 (twenty) working days at the latest as of the date of receipt of the application.
- (2) Prior to granting approval or issuing rejection as referred to in paragraph (1), Financial Service Authority shall:
- a. examine the document as referred to in Article 48 paragraph (2);
 - b. analyze feasibility of the plan to exercise Consolidation or Merger;
 - c. assess the capacity of and compliance with of potential members of the Board of Directors, members of the Board of Commissioners, members of DPS, and PSP of Underwriting Institution resulting from Consolidation or Merger; and
 - d. analyze compliance with the provisions in statutory regulation on Underwriting.

(3) The Board
to be continued

(BN)

BUSINESS PERMITS AND UNDERWRITING INSTITUTION

**(Regulation Financial Service Authority of R.I
Number 1/POJK.05/2017, dated January 11, 2017)
[Continued from Business News No. 9021-9022
pages 22-48]**

- (3) The Board of Directors of Underwriting Institution shall be obliged to submit comprehensive document as referred to in paragraph (1) within 20 (twenty) working days as of the date the request for comprehensive document is received from Financial Service Authority.
- (4) As soon as the Board of Directors of Underwriting Institution submitted the comprehensive document referred to in paragraph (3), Financial Service Authority shall grant approval or reject it based on the provisions as referred to in paragraph (2).
- (5) If within 20 (twenty) working days as of the date the request for comprehensive document as referred to in paragraph (1), no response is received from Financial Service Authority on the request for comprehensive document, the Board of Directors of Underwriting Institution shall be deemed that the application for approval for Consolidation or Merger is revoked.
- (6) If the application is approved, Financial Service Authority shall issue Approval Letter on the plan for Consolidation or Merger to the Board of Directors of Underwriting Institution.
- (7) If the application for approval for Consolidation or Merger as referred to in paragraph (1) is rejected, rejection in writing shall be issued supported by reason for rejection.

Article 50

- (1) Underwriting Institution that obtains approval for exercising Consolidation or Merger from Financial Service Authority shall be obliged to convene RUPS on approval for Consolidation or Merger within 60 (sixty)

working days as of the date of approval is received from Financial Service Authority.

- (2) If at RUPS those agreeing for exercising Consolidation or Merger fails to cope with the term referred to in paragraph (1), the approval letter of Financial Service Authority shall hereby revoke.

Article 51

- (1) Underwriting Institution accepting to exercise Consolidation shall be obliged to report at RUPS as to the approval for Consolidation to Financial Service Authority within 10 (ten) working days as of the date of RUPS.
- (2) The Underwriting Institution shall be obliged to convene RUPS and report the approval for exercising Consolidation as referred to in paragraph (1) to Financial Service Authority using Form-21 as specified in the Attachment constituting inseparable part of this Regulation Financial Service Authority, supported by:
- photocopy of Minutes of RUPS approving Consolidation;
 - photocopy Deed of Consolidation; and
 - document stating that Underwriting Institution merging itself is free from tax obligation issued by the competent authority.
- (3) To report the approval of RUPS for Consolidation / Merger referred to in paragraph (1), Underwriting Institution accepting the Consolidation / Merger shall be obliged to submit application for UUS License and/or License to open Branch Office which previously belonged to the consolidated / merged Underwriting Institution to Financial Service Authority on its own name.
- (4) The Board of Directors of Underwriting Institution shall be obliged to submit application for UUS License and/or License for opening Branch Office as referred to in paragraph (3), to Financial Service Authority using Form-22 as specified in the Attachment constituting inseparable part of this Regulation Financial Service Authority, supported by:
- The UUS License and/or License for opening Branch Office which previously belonged to the consolidated / merged Underwriting Institution; and

- b. proof of ownership or control of the Branch Office building.
- (5) Based on the report on RUPS approving the Consolidation / Merger referred to in paragraph (2) and application for UUS License and/or License for opening Branch Office as referred to in paragraph (4), the Financial Service Authority shall:
- a. review the document referred to in paragraph (2) and paragraph (4);
 - b. revoke the Business License, UUS License, and/or License for opening Branch Office held by merged Underwriting Institution taking effect as of the date the Articles of Association is ratified and approved and notified to the competent authority; and
 - c. grant approval to or reject the application for UUS License and/or License for opening Branch Office to the consolidated / merged Underwriting Institution taking effect as on the date the Articles of Association is ratified, approved and notified to the competent authority.
- (6) The application for UUS License and/or License for opening Branch Office of the consolidated / merged Underwriting Institution as referred to in paragraph (5) letter c shall be either approved or rejected within 20 (twenty) working days as soon as the document referred to in paragraph (2) and paragraph (4) are completely received.
- (7) If Financial Service Authority rejects to issue UUS License and/or License for opening Branch Office as referred to in paragraph (5) letter c, such rejection shall be made in writing supported by reason for rejection.

Article 52

The consolidated / merged Underwriting Institution shall be obliged to report the result of Consolidation / Merger to Financial Service Authority within 20 (twenty) working days at the latest effective as of the date the Articles of Association are ratified and approved and notified to the competent authority using Form-23 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by Articles of Association that have been ratified and approved and notified to the competent authority.

Article 53

- (1) The consolidated / merged Underwriting Institution shall be obliged to report on the RUPS approving the Consolidation / Merger to Financial Service Authority within ten (10) working days at the latest as of the date of RUPS.
- (2) The Board of Directors shall be obliged to report on RUPS approving the Consolidation / Merger referred to in paragraph (1), to Financial Service Authority using Form-24 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by:
- a. photocopy of Minutes of RUPS approving the Consolidation / Merger;
 - b. photocopy of Deed of Consolidation / Merger;
 - c. photocopy of Minutes of RUPS on establishment of company resulting from Consolidation / Merger; and
 - d. document stating that the consolidated / merged Underwriting Institution has no outstanding Tax to the Tax competent authority.
- (3) With respect to reporting on RUPS approving the Consolidation / Merger as referred to in paragraph (1) the consolidated / merged Underwriting Institution shall be obliged to submit application for UUS License and/or Licence for opening Branch Office which previously belonged to the merged Underwriting Institution to Financial Service Authority on its own name.
- (4) The Board of Directors shall be obliged to submit application for UUS License and/or License for opening Branch Office as referred to in paragraph (3), to Financial Service Authority using Form-25 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by:
- a. UUS License and/or License for opening Branch Office previously belonged to the merged Underwriting Institution; and
 - b. proof of ownership or control on the Branch Office building.

- (5) Based on the report on RUPS approving the Consolidation / Merger as referred to in paragraph (2) and application for UUS License and/or License for opening Branch Office as referred to in paragraph (4), Financial Service Authority shall:
- a. review the document referred to in paragraph (2) and paragraph (4);
 - b. revoke the Business License, License for establishing UUS, and/or License for opening Branch Office of the merged Underwriting Institution taking effect as of the date the Articles of Association are ratified and approved and notified to the competent authority;
 - c. either grant approval to or reject the application for Business License to the consolidated Underwriting Institution taking effect as of the date the Articles of Association are ratified, approved and notified to the competent authority; and
 - d. grant approval or reject the application for UUS License and/or License for opening Branch Office of the consolidated Underwriting Institution taking effect as of the date the Articles of Association are ratified and approved and notified to the competent authority.
- (6) The application for Business License, UUS License, and/or License for opening Branch Office as referred to in paragraph (5) letter c and letter d shall be either approved or rejected within 20 (twenty) working days as of receipt of the complete document as referred to in paragraph (2) and paragraph (4).
- (7) If Financial Service Authority rejects to issue Business License as referred to in paragraph (5) letter c and UUS License and/or License for opening Branch Office of the consolidated Underwriting Institution as referred to in paragraph (5) letter d, rejection shall be made in writing supported by reason for rejection.

Article 54

The consolidated Underwriting Institution shall be obliged to report the Consolidation to the Financial Service Authority within 20 (twenty) working days as of the date ratification, approval, or notification using

Form-26 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by Articles of Association that have been ratified, approved and notified to the competent authority.

Part Two

Taking-Over

Article 55

- (1) Taking-over of Underwriting Institution shall first of all obtain approval of Financial Service Authority.
- (2) To obtain approval of Financial Service Authority as referred to in paragraph (1) Underwriting Institution shall be obliged to submit a plan for Taking-Over to Financial Service Authority, using Form-27 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by:
 - a. Minutes of RUPS approving such Taking-over;
 - b. Deed of Taking-over;
 - c. Deed of Assignment of Rights to Shares, if the Taking-over of shares is directly exercised by the Shareholder;
 - d. Statement Letter from Shareholder stating that the money used to purchase the Shares of Underwriting Institution is not originating from Loan, money laundry, and financial crime;
 - e. data of the Shareholder or member of PSP referred to in Article 13 paragraph (2) letter c after Taking-over; and
 - f. the most recent audited financial report Underwriting Institution.
- (3) The application for approval of the plan to Take Over as referred to in paragraph (1) must be submitted together with application for assessment of capacity and compliance with by potential member of PSP of Underwriting Institution.

- (4) The application for assessment of capacity and compliance with by potential member of PSP of Underwriting Institution as referred to in paragraph (3) shall be submitted by referring to Regulation of Financial Service Authority on assessment of capacity and compliance with by Financial Service Institution.

Article 56

- (1) Financial Service Authority shall grant approval to the request for complete document, or reject the application for approval to the plan for Taking-Over as referred to in Article 55 paragraph (1) within 20 (twenty) working days at the latest as of receipt of the application.
- (2) In granting approval or issuing rejection referred to in paragraph (1), the Financial Service Authority shall:
- review the document as referred to in Article 55 paragraph (2);
 - analyze the plan for Taking-Over;
 - assess the capacity and compliance with by potential member of PSP; and
 - analyze compliance with the provisions in the statutory regulation on Underwriting.
- (3) The Board of Directors of Underwriting Institution shall be obliged to submit comprehensive document as referred to in paragraph (1) within 20 (twenty) working days as of the date of the request for complete document of the Financial Service Authority.
- (4) If the Board of Directors of Underwriting Institution has submitted the complete document as referred to in paragraph (3), Financial Service Authority shall grant approval or reject the application based on the provision as referred to in paragraph (1).
- (5) If within 20 (twenty) working days as of the date of the request for comprehensive document referred to in paragraph (1), no response is received from Financial Service Authority as to the request for complete document, the Board of Directors of Underwriting Institution shall consider that the application for approval for Taking-Over is revoked.

- (6) If the application is approved, the Financial Service Authority shall grant approval on the plan for Taking-Over to the Board of Directors Underwriting Institution.
- (7) Rejection to application for approval on the plan for Taking-Over referred to in paragraph (1) shall be made in writing supported by reason for rejection.

Article 57

- (1) Underwriting Institution that obtained approval on the plan for Taking-Over from the Financial Service Authority shall be obliged to convene RUPS to approve the Taking-Over within 60 (sixty) working days at the latest as of the date of the approval letter of the Financial Service Authority.
- (2) If the RUPS approving the plan on Taking-Over fails to justify with the term referred to in paragraph (1), the approval letter of the Financial Service Authority is not valid.

Article 58

- (1) Underwriting Institution shall be obliged to report the resolution adopted at RUPS approving the Taking-Over to Financial Service Authority within 20 (twenty) working days as of the date of notification to the competent authority.
- (2) The Board of Directors shall be obliged to report the resolution of RUPS approving the Taking-Over referred to in paragraph (1), to Financial Service Authority using Form-28 as specified in the Attachment constituting inseparable part of Regulation Financial Service Authority, supported by:
- photocopy of Minutes of RUPS approving Taking-Over;
 - photocopy Deed of Taking-Over; and
 - proof of Notification to the competent authority.

Part Three

Split-/ Separation

Article 59

- (1) Underwriting Institution may exercise Split / Separation by means of:

- a. integral Split / Separation; or
 - b. non-integral Split-/ Separation.
- (2) For non-integral Split / Separation referred to in paragraph (1) letter a apply the provisions below:
- a. the entire assets, liabilities, and equities of Underwriting Institution are assigned by law to two (2) or more legal entities receiving such assignment; and
 - b. Underwriting Institution exercising the Split / Separation expires by law.
- (3) For non-integral Split / Separation as referred to in paragraph (1) letter b applies the provisions below:
- a. some of the assets, liabilities, and equities of Underwriting Institution are transferred / assigned to one (1) or more other legal entities receiving the assignment; and
 - b. the Underwriting Institution exercising the Split / Separation remain survives.

Article 60

- (1) Underwriting Institution may exercise integral Split / Separation as referred to in Article 59 paragraph (1) letter a, by establishing new legal entity.
- (2) One of the new legal entities resulting from Pure Partition as referred to in paragraph (1) shall be an Underwriting Institution.
- (3) Portofolio Underwriting yang dimiliki oleh Underwriting Institution as referred to in paragraph (1) hanya dapat dialihkan kepada badan hukum baru hasil Pemisahan murni yang merupakan Underwriting Institution.

Article 61

- (1) Underwriting Institution exercising integral Split / Separation referred to in Article 60 paragraph (1) shall be obliged to submit a plan on integral Split / Separation to Financial Service Authority for approval.
- (2) The Board of Directors of Underwriting Institution shall be obliged to submit application for approval as referred to in paragraph (1) for integral Split / Separation to Financial Service Authority using Form-29 as

specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by the documents below:

- a. Deed on the plan for Split / Separation;
- b. plan on Deed of Establishment of new Underwriting Institution and/or new legal entity that shall receive assignment of the assets, liabilities, and equities;
- c. plan on settlement of rights and obligations of Guaranteed Party and Guarantee Receiver for Underwriting Institution exercising integral Split / Separation;
- d. plan on list of ownership of the new Underwriting Institution and/or new legal entity that shall receive the new assets, liabilities, and equities;
- e. data of Shareholder or members other than PSP as referred to in Article 13 paragraph (2) letter c of the new Underwriting Institution resulting from integral Split / Separation;
- f. the most recent audited financial report of Underwriting Institution exercising integral Split / Separation;
- g. provisional financial report of Underwriting Institution resulting from integral Split / Separation;
- h. work program to be exercised for the first three (3) years after obtaining Business License from the new legal entity constituting Underwriting Institution, that at least cover:
 1. feasibility study on market opportunity and potential economy;
 2. plan on business operation of Underwriter or Syariah Underwriter and measures to be taken to accomplish such plan; and

3. projected report on monthly financial position, report on profit and loss, and balance sheet and assumption constituting the basis thereof, commencing as of the Underwriting Institution starts business operations; and
 - i. organizational structure of Underwriting Institution as referred to in Article 13 paragraph (2) letter b of the new Underwriting Institution resulting from integral Split / Separation.
- (3) The application for approval of the plan for integral Split / Separation referred to in paragraph (1) shall be submitted simultaneously with the application for assessment of capacity and compliance with by potential member of the Board of Directors, member of the Board of Commissioners, member of DPS, and/or PSP of Underwriting Institution resulting from integral Split / Separation.
- (4) The capacity and compliance with by potential member of the Board of Directors, member of the Board of Commissioners, member of DPS, and/or member of PSP of Underwriting Institution as referred to in paragraph (3) shall be assessed by referring to Regulation of Financial Service Authority on assessment of capacity and compliance with by Financial Service Institution.

Article 62

- (1) Financial Service Authority shall grant approval to the request for comprehensive document or reject the application for approval on the plan for integral Split / Separation as referred to dalam Article 61 paragraph (1) within 20 (twenty) working days as of the date the application is received.
- (2) Prior to granting approval or reject the application referred to in paragraph (1), Financial Service Authority shall:
- a. review the document referred to in Article 61 paragraph (2);
 - b. analyze the plan on integral Split / Separation;
 - c. assess the capacity and compliance with by potential members of the Board of Directors, member of the Board of Commissioners, member of DPS, and/or member of PSP of Underwriting Institution resulting from integral Split / Separation; and
 - d. analyze compliance with the provisions in the statutory regulation on Underwriting.

- (3) The Board of Directors Underwriting Institution shall be obliged to submit comprehensive document as referred to in paragraph (1) within 20 (twenty) working days as of the date the request for comprehensive document is received from Financial Service Authority.
- (4) If the Board of Directors Underwriting Institution has submitted the comprehensive document as referred to in paragraph (2), Financial Service Authority shall grant approval or reject the application based on the provisions referred to in paragraph (1).
- (5) If within 20 (twenty) working days as of the date of request for comprehensive document as referred to in paragraph (3), no respond is received from Financial Service Authority, it shall be considered that the Board of Directors of Underwriting Institution revokes the application for approval on the plan for integral Split / Separation.
- (6) If the application is approved, Financial Service Authority shall issue Approval Letter on the plan for integral Split / Separation. To Underwriting Institution.
- (7) Rejection to the application for approval of the plan on integral Split / Separation referred to in paragraph (1) shall be issued in writing supported by reason for rejection.

Article 63

- (1) Underwriting Institution that has obtained approval on the plan for integral Split / Separation of Financial Service Authority shall be obliged to convene RUPS that approves integral Split / Separation within 60 (sixty) working days as of the date of the approval letter of Financial Service Authority is received.
- (2) If resolution of RUPS approving integral Split / Separation fails to justify with the term as referred to in paragraph (1), approval letter of Financial Service Authority shall revoke and declared null and void.

Article 64

- (1) Underwriting Institution resulting from integral Split / Separation shall be obliged to report resolution of

RUPS approving integral Split / Separation to Financial Service Authority within ten (10) working days as of the date of RUPS.

- (2) The Board of Directors shall be obliged to report resolution of RUPS approving integral Split / Separation as referred to in paragraph (1), Financial Service Authority using Form-30 as specified in the Attachment constituting inseparable part of this Regulation Financial Service Authority, supported by:
- a. photocopy of Resolution of RUPS approving integral Split / Separation;
 - b. photocopy of Deed of Integral Split / Separation;
 - c. document stating that Underwriting Institution exercising integral Split / Separation is free from tax liability with the competent authority;
 - d. photocopy of Resolution of RUPS stating appointment of the Board of Directors, Board of Commissioners, and/or members of DPS;
 - e. photocopy of proof of settlement of Paid-up Capital in the form of cash deposit by the Shareholder or member shareholders; and photocopy of proof of placement of Paid-up Capital in the form of term deposit in the name of Underwriting Institution concerned, in the presence of new Shareholder or new member of shareholders;
 - f. report on initial / opening financial position of the new legal entity resulting from integral Split / Separation; and
 - g. proof of ready to operate by the new legal entity resulting from integral Split / Separation in the form Underwriting Institution of at least:
 1. list of fixed assets and inventory, and proof of ownership or control;
 2. proof of ownership or control over office building; and
 3. photocopy of Obligatory Taxpayer Identification Number (NPWP).

- (3) In reporting the resolution of RUPS approving integral Split / Separation as referred to in paragraph (1), Underwriting Institution resulting from integral Split / Separation may submit application for License to open Branch Office which previously belonged to the Underwriting Institution exercising integral Split / Separation to Financial Service Authority in its own name.
- (4) The Board of Directors of Underwriting Institution shall be obliged to submit application for License for opening Branch Office as referred to in paragraph (3), to Financial Service Authority using Form-31 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by:
- a. License for opening Branch Office that previously belonged to Underwriting Institution exercising integral Split / Separation; and
 - b. proof of ownership or control over the Branch Office building.
- (5) Based on the report on Resolution of RUPS approving integral Split / Separation as referred to in paragraph (2) and the Business License for opening Branch Office as referred to in paragraph (4), Financial Service Authority:
- a. review the completeness of the document referred to in paragraph (2) and paragraph (4);
 - b. revoke the Business License and/or License for opening Branch Office of the Underwriting Institution exercising integral Split / Separation which takes effect as of the date the Articles of Association have been ratified, approved, and notified to the competent authority; and
 - c. approve or reject the application for Business License and License for opening Branch Office to the new legal entity constituting Underwriting Institution resulting from integral Split / Separation effective as of the Articles of Association have been ratified, approved and notified to the competent authority.
- (6) Approval for Business License and / or License for opening Branch Office as referred to in paragraph (5) letter c shall be granted within 20 (twenty) working days as of the report on the document referred to in paragraph (2) and paragraph (4) is completely received.

- (7) If Financial Service Authority rejects to issue Business Licence and/or License for opening Branch Office as referred to in paragraph (5) letter c, rejection shall be made in writing supported reason for rejection.

Article 65

Underwriting Institution resulting from integral Split / Separation shall be obliged to report implementation of integral Split / Separation to Financial Service Authority within 20 (twenty) working days as of the date the Articles of Association have been approved and notified to the competent authority using Form-32 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by Articles of Association that have been ratified, approved, and notified to the competent authority.

Article 66

Underwriting Institution may exercise non-integral Split / Separation as referred to in Article 59 paragraph (1) letter b, by:

- a. establishing new Underwriting Institution;
- b. establishing new legal entity not in the form of Underwriting Institution;
- c. transferring some assets, liabilities, and equity of Underwriting Institution to another Underwriting Institution; or
- d. assign some of the assets, liabilities, and equity of Underwriting Institution to other legal entity in the form of non-Underwriting Institution.

Article 67

- (1) Underwriting Institution intending to exercise non-integral / tainted Separation as referred to in Article 59 paragraph (1) letter b shall be obliged to submit a plan for non-integral / tainted Separation to the Financial Service Authority for approval.
- (2) The Board of Directors of Underwriting Institution intending to exercise non-integral Split / Separation shall be obliged to submit application for approval of non-integral Split / Separation as referred to in paragraph (1) Financial Service Authority using Form-33 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by the documents below:

- a. for non-integral Split / Separation by means of establishing a new Underwriting Institution as referred to in Article 66 letter a, covering:
 1. plan on Deed of Split / Separation;
 2. plan on Deed of Establishment of a new Underwriting Institution;
 3. plan on settlement of rights and obligations of Guaranteed Party, Guarantee Receiver, and other related party;
 4. plan on list of ownership from the new Underwriting Institution;
 5. most recent audited financial report of the Underwriting Institution exercising non-integral Split / Separation;
 6. provisional financial report of the new Underwriting Institution;
 7. work program to be exercised during the first three (3) years after obtaining Business License for the new Underwriting Institution, that at least cover:
 - a) feasibility study on market opportunity and economic potentiality;
 - b) plan on business operation of Underwriting or Syariah Underwriting and measures to be taken to accomplish such plan; and
 - c) reports on projected monthly financial position, profit and loss, and balance sheet, and assumption constituting the basis thereof effective as of the new Underwriting Institution commences operational activity;
 8. reports on projected monthly financial position, profit and loss, and balance sheet, for three (3) months effective as of completion of the Underwriting Institution exercising Split / Separation; and
 9. all the documents referred to in Article 13 paragraph (2) letter b and letter c, on the new Underwriting Institution resulting from non-integral Split / Separation;
- b. for non-integral Split / Separation by establishing a new legal entity not in the form of Underwriting Institution as referred to in Article 66 letter b, covering:
 1. plan on Deed of Split / Separation;
 2. plan on Deed of Establishment of a new legal entity;
 3. most recent financial report of the Underwriting Institution exercising non-integral Split / Separation; and

4. reports on projected monthly financial position, profit and loss, and for three (3) years of the Underwriting Institution intending to exercise Split / Separation effective as of completion of exercising Split / Separation;
- c. for Underwriting Institution exercising non-integral Split / Separation by assigning / transferring part of assets, liabilities, and equities of Underwriting Institution to other Underwriting Institution as referred to in Article 66 letter c, covering:
1. plan on Deed of Split / Separation;
 2. most recent audited financial report of Underwriting Institution exercising non-integral Split / Separation;
 3. plan on settlement of the rights and obligations of Guaranteed Party, Guarantee Receiver, and other related parties;
 4. plan on list of ownership of other Underwriting Institution;
 5. documents on Underwriting Institution to receive assignment / transfer of part of the assets, liabilities and equities covering:
 - a) photocopy Business License as Underwriting Institution;
 - b) most recent annual financial report that has been audited by Public Accountant; and
 - c) reports on the most recent monthly financial position, profit and loss, and balance sheet prior to receiving assigned assets, liabilities, and equities;
 6. reports on projected monthly financial position, profit and loss, during the last three (3) years of the Underwriting Institution intending to exercise Split / Separation effective as of completion of Split / Separation;
- d. for Underwriting Institution exercising non-integral Split / Separation by assignment of some of the assets, liabilities, and equities of Underwriting Institution to other legal entity not in the form of Underwriting Institution as referred to in Article 66 letter d, covering:
1. plan on Deed of Split / Separation;
 2. most recent audited financial report of the Underwriting Institution exercising non-integral Split / Separation; and

3. reports on projected monthly financial position, profit and loss, and balance sheet during the last three (3) years of the Underwriting Institution exercising Split / Separation effective as completion of Split / Separation.

(3) Application for approval on the plan on non-integral Split / Separation as referred to in paragraph (1) shall be submitted together with application for assessment of capacity and justification of potential member of the Board of Directors, member of the Board of Commissioners, member of DPS, and/or PSP of the new Underwriting Institution.

(4) Application for assessment of capacity and justification of potential member of the Board of Directors, member of the Board of Commissioners, member of DPS, and/or PSP of Underwriting Institution as referred to in paragraph (3) shall be prepared by referring to Regulation of Financial Service Authority on assessment of capacity and justification of Financial Service Institution.

Article 68

(1) Financial Service Authority shall either grant or reject the application for approval, request for comprehensive document or reject the application for approval for non-integral Split / Separation as referred to in Article 67 paragraph (2) within a period of 20 (twenty) working days at the latest as of receipt of the application.

(2) To grant approval or rejection as referred to in Article 67 paragraph (2), Financial Service Authority shall:

- a. review the document;
- b. analyze feasibility of the plan on non-integral Split / Separation;
- c. assessment of capacity and justification of potential member of the Board of Directors, member of the Board of Commissioners, member of DPS, and/or PSP of the new Underwriting Institution; and
- d. analyze compliance with the provisions in the statutory regulation on Underwriting.

(3) The Board of Directors of Underwriting Institution shall be obliged to submit complete document as referred to in paragraph (1) within 20 (twenty) working days as of the date of request for comprehensive document by Financial Service Authority.

- (4) As soon as the Board of Directors of Underwriting Institution submitted the complete document referred to in paragraph (3), Financial Service Authority shall grant approval to or reject the application based on the provisions referred to in paragraph (1).
- (5) If within 20 (twenty) working days as of the date of the request for complete document as referred to in paragraph (1), no response is received from Financial Service Authority, the Board of Directors Underwriting Institution consider that the application for approval for exercising non-integral Split / Separation is cancelled.
- (6) If the application is approved, Financial Service Authority shall grant approval for non-integral exercising Split / Separation to the Board of Directors of Underwriting Institution.
- (7) Rejection to application for approval for exercising non-integral Split / Separation as referred to in paragraph (1) shall be made writing with the reason for rejection.

Article 69

- (1) Underwriting Institution that obtained approval for exercising non-integral Split / Separation from Financial Service Authority shall be obliged to convene RUPS to approve non-integral Split / Separation within 60 (sixty) working days at the latest as of the date the approval letter from Financial Service Authority.
- (2) If the RUPS approving non-integral Split / Separation exceeds the period as referred to in paragraph (1), the approval letter of Financial Service Authority is revoked.

Article 70

- (1) Underwriting Institution exercising non-integral Split / Separation shall be obliged to report RUPS approving non-integral Split / Separation to Financial Service Authority within 10 (ten) working days as the latest as of the date of RUPS.
- (2) The Board of Directors shall report on the RUPS approving the non-integral Split / Separation referred to in paragraph (1), to Financial Service Authority using Form-34 as specified in the Attachment constituting

inseparable part of this Regulation of Financial Service Authority supported by:

- a. photocopy of Resolution of RUPS approving non-integral Split / Separation;
- b. photocopy Deed of non-integral Split / Separation;
- c. photocopy Resolution of RUPS declaring appointment of members of the Board of Directors and Board of Commissioners;
- d. photocopy proof of settlement of Paid-up Capital in the form of cash deposit by the Shareholder or members;
- e. photocopy of proof of placement of Paid-up Capital in the form of term deposit in the name of the Underwriting Institution concerned, in the case of a new Shareholder or member (if any);
- f. financial report of establishment of a new legal entity resulting from non-integral Split / Separation; and
- g. proof of commitment for operation of the new legal entity resulting from non-integral Split / Separation constituting Underwriting Institution of at least:
 1. list of assets and inventories and proof of ownership or control;
 2. proof of ownership or control over office building; and
 3. photocopy of Obligatory Taxpayer Identification Number (NPWP).

(3) In the context of convening RUPS approving non-integral Split / Separation as referred to in paragraph (1), Underwriting Institution resulting from non-integral Split / Separation shall be obliged to submit application for issuing License for opening Branch Office and/or UUS Branch Office (if any) which previously belonged to Underwriting Institution exercising non-integral Split / Separation to Branch Office in the name of Underwriting Institution resulting from non-integral Split / Separation to Financial Service Authority.

(4) The Board of Directors of Underwriting Institution shall be obliged to submit application for License to open Branch Office and/or UUS Branch Office (if any) as referred to in paragraph (3), to Financial Service Authority using Form-35 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by:

- a. License for opening Branch Office and/or UUS Branch Office (if any) previously belonged to Underwriting Institution exercising non-integral Split / Separation; and

- b. proof of ownership or control over the Branch Office building and/or UUS Branch Office building (if any).
- (5) Based on the report on RUPS approving non-integral Split / Separation as referred to in paragraph (2) and application for issue of License for opening Branch Office and/or UUS Branch Office (if any) as referred to in paragraph (4), Financial Service Authority shall:
- a. review the document as referred to in paragraph (2) and paragraph (4);
 - b. revoke the License for opening Branch Office and/or UUS Branch Office of Underwriting Institution exercising non-integral Split / Separation (if any) taking effect as of the Articles of Association are ratified, approved, and notified to the competent authority;
 - c. revoke the License of UUS for non-integral Split / Separation exercised against UUS;
 - d. grant approval or reject the application for Business License to the new Underwriting Institution resulting from non-integral Split / Separation taking effect as of the Articles of Association are ratified, approved and notified to the competent authority; and
 - e. grant approval or reject the application for issuing License for opening Branch Office and/or UUS Branch Office (if any) to Underwriting Institution receiving the non-integral Split / Separation taking effect as of the date the Articles of Association have been ratified, approved and notified to the competent authority.
- (6) Approval for Business License and/or issue of License for opening Branch Office and/or UUS Branch Office as referred to in paragraph (5) letter c and letter d shall be granted in 20 (twenty) working days as soon as the document referred to in paragraph (2) and paragraph (4) are completely received.
- (7) If Financial Service Authority rejects to issued Business License as referred to in paragraph (5) letter c, rejection shall be made in writing supported by reason for rejection.

Article 71

Underwriting Institution exercising non-integral Split / Separation shall be obliged to report the implementation of non-integral Split / Separation to Financial Service Authority within 20 (twenty) working days at the latest as of the date the Articles of Association are ratified, approved, and notified to the competent authority using Form-36 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by the Articles of Association that have been ratified, approved and notified to the competent authority.

Article 72

- (1) Merger, Consolidation, Taking-Over, or Split / Separation may be exercised based on the provisions in the statutory regulation.
- (2) Merger, Consolidation, Split / Separation, and Taking-Over of Underwriting Institution shall not diminish the rights of Guarantee Receiver and obligations of Guaranteed Party.

CHAPTER XI

BRANCH OFFICE

Article 73

- (1) Underwriting Institution may open Branch Offices within the territory of the State of the Republic of Indonesia based on the operational area thereof.
- (2) Branch Office as referred to in paragraph (1) has authority to:
 - a. sign Certificate of Underwriting or Kafalah Certificate; and
 - b. decide to pay or reject any claim.
- (3) To be able to open Branch Office as referred to in paragraph (1), Underwriting Institution shall be obliged to first of all obtain permit from Financial Service Authority.
- (4) To obtain permit as referred to in paragraph (3), the Board of Directors shall submit application to Financial Service Authority using Form-37 as specified in the Attachment constituting inseparable part of this Regu-

lation of Financial Service Authority supported by:

- a. proof of control over office building;
- b. organizational structure and name of potential Head of Branch Office and total number of employees;
and
- c. business program covering plan for opening Branch Office of Underwriting Institution.

Article 74

- (1) Financial Service Authority shall either grant approval, request complete document, or reject application for License for opening Branch Office as referred to in Article 73 paragraph (3) within 20 (twenty) working days at the latest after receipt of the application.
- (2) In the context of granting approval or reject the application for License to open Branch Office, Financial Service Authority shall:
 - a. review the document for comprehensiveness as referred to in Article 73 paragraph (4);
 - b. analyze the document referred to in Article 73 paragraph (4); and
 - c. conduct verification on personally on the Branch Office to be established / opened as necessary.
- (3) Board of Directors Underwriting Institution shall be obliged to submit comprehensive document as referred to in paragraph (1) within 20 (twenty) working days as of the date of request for comprehensive document by Financial Service Authority.
- (4) As soon as the Board of Directors of Underwriting Institution submitted the comprehensive document as referred to in paragraph (3), Financial Service Authority shall either grant approval or reject the application based on the provisions referred to in paragraph (1).
- (5) If within 20 (twenty) working days as of the date of request for comprehensive document as referred to in paragraph (1), Financial Service Authority receives no respond on the request for comprehensive document, it shall be deemed that the Board of Directors of Underwriting Institution cancelled / revoked the application for License to open Branch Office.

- (6) If the application for opening Branch Office is approved, Financial Service Authority shall issue License to open Branch Office to Underwriting Institution.
- (7) The rejection to application for License to open Branch Office as referred to in paragraph (1) shall be made in writing supported by reason for rejection.

Article 75

Financial Service Authority may revoke the License for opening Branch Office if within six (6) consecutive months it is proven that such Branch Office fails to exercise operational activity.

Article 76

- (1) The Underwriting Institution intending to close Branch Office shall be obliged to first notify the party bound in Underwriting or Syariah Underwriting on:
- the plan to close Branch Office; and
 - the procedure to settle all rights and obligations.
- (2) Procedure for settlement of rights and obligations as referred to in paragraph (1) letter b shall be exercised based on the statutory regulation and with due observance of the interest of the party bound in Underwriting or Syariah Underwriting.
- (3) Underwriting Institution shall be obliged to report the closure of Branch Office as referred to in paragraph (1) in writing to Financial Service Authority within ten (10) working days as of the date of closure of the Branch Office.
- (4) The Board of Directors Underwriting Institution shall be obliged to report on the closure of Branch Office as referred to in paragraph (3) using Form-38 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority supported by:
- proof of notification on the plan to close the Branch Office as referred to in paragraph (1) letter a;
 - proof of notification on the procedure for settlement of rights and obligations as referred to in paragraph (1) letter b; and

- c. proof of settlement of Debtor's rights and obligations.

(5) Based on the report referred to in paragraph (4), Financial Service Authority shall revoke the License for opening Branch Office effective as of the date of closure.

CHAPTER XII

CONVERSION OF UNDERWRITING COMPANY OR REPEATING UNDERWRITING COMPANY TO SYARIAH UNDERWRITING COMPANY OR REPEATING SYARIAH UNDERWRITING COMPANY

Article 77

- (1) Underwriting Company or Repeating Underwriting Company may convert to Syariah Underwriting Company or Repeating Syariah Underwriting Company.
- (2) Underwriting Company or Repeating Underwriting Company intending to exercise conversion as referred to in paragraph (1) shall be obliged to submit plan on conversion to Financial Service Authority for approval.
- (3) The Board of Directors Underwriting Company or Repeating Underwriting Company shall submit application for approval referred to in paragraph (2), for conversion to Financial Service Authority, using Form-39 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by document as cited below:
 - a. plan on Resolution of RUPS approving conversion to Syariah Underwriting Company or Repeating Syariah Underwriting Company;
 - b. plan on amendment to Articles of Association constituting the basis for specifying:
 - 1. name, either of the purposes and objectives of the company exercising business operation by Syariah Underwriting or Repeating Syariah Underwriting Company; and
 - 2. authority and responsibility of DPS;
 - c. most recent audited financial report;
 - d. list of Branch Offices possessed by Underwriting Company or Repeating Underwriting Company;
 - e. organizational structure supported by structure of personnel, duty definition, authority, and responsibility;

- f. work program pertaining to operation of Syariah Underwriting or Repeating Syariah Underwriting to be implemented for the first three (3) years after having obtained Business License as Syariah Underwriting Company or Repeating Syariah Underwriting Company that at least contains:
 - 1. standard operating procedure;
 - 2. example of joint venture agreement; and
 - 3. example of Underwriting Certificate or Kafalah to be used by Underwriting Institution;
 - g. plan on settlement of the rights and obligations of Guaranteed Party, Guarantee Receiver, and other related parties;
 - h. feasibility study on market opportunity and economy potentiality;
 - i. operational plan of Syariah Underwriting or Repeating Syariah Underwriting Company exercised to accomplish such plan;
 - j. reports on projected monthly financial position, profit and loss, and assumption constituting the basis for commencing operation of Syariah Underwriting Company or Repeating Syariah Underwriting Company exercising operational activity; and
 - k. proof of hiring an expert on Underwriting Syariah.
- (4) The application for approval to the plan for conversion referred to in paragraph (2) shall be submitted together with application for assessment of capacity and justification of potential member of Board of Directors, member of Board of Commissioners, member of DPS, and PSP Underwriting Institution.
- (5) Assessment of capacity and justification of potential member of the Board of Directors, member of the Board of Commissioners, member of DPS, and member of PSP of Underwriting Institution as referred to in paragraph (4) shall be conducted by referring to Regulation of Financial Service Authority on assessment of capacity and justification by Financial Service Institution.

Article 78

- (1) Financial Service Authority shall either grant approval or reject the application for approval to the conversion plan as referred to in Article 77 paragraph (2) within 20 (twenty) working days as of receipt of the application.

- (2) To grant approval to or reject the application referred to in paragraph (1), Financial Service Authority shall:
- a. review the completeness of document as referred to in Article 77 paragraph (3);
 - b. analyze the feasibility of a plan for conversion;
 - c. assess the capacity and justification of the potential member of the Board of Directors, member of the Board of Commissioners, member of DPS, and member of PSP; and
 - d. analyze compliance with the provisions in the statutory regulation on Underwriting.
- (3) The Board of Directors Underwriting Company or Repeating Underwriting Company shall be obliged to submit the complete document as referred to in paragraph (1) within 20 (twenty) working days as of the date of the request for complete document by Financial Service Authority.
- (4) If the Board of Directors of Underwriting Company or Repeating Underwriting Company submitted the complete document as referred to in paragraph (3), Financial Service Authority shall either grant approval or reject the application based on the provisions as referred to in paragraph (1).
- (5) If within 20 (twenty) working days as of the date of the request for complete document as referred to in paragraph (1), Financial Service Authority receives no respond to the request for the complete document, the Board of Directors of Underwriting Company or Repeating Underwriting Company is considered to have cancelled the application for approval for the conversion plan.
- (6) If the application is approved, Financial Service Authority shall issue decision of approval for conversion to the Board of Directors Underwriting Company or Repeating Underwriting Company.
- (7) Rejection to application for approval of the plan for conversion referred to in paragraph (1) shall be made in writing supported by reason for rejection.

Article 79

- (1) Underwriting Company or Repetitive Underwriting Company having obtained approval for exercising

conversion from Financial Service Authority shall be obliged to convene RUPS within 60 (sixty) working days effective as of the date of approval letter of Financial Service Authority.

- (2) If the resolution of RUPS approving the plan on conversion fails to justify with the term referred to in paragraph (1), such approval letter of Financial Service Authority is revoked.

Article 80

- (1) Underwriting Company or Repetitive Underwriting Company shall be obliged to report on the RUPS approving the conversion to Syariah Underwriting Company or Repetitive Syariah Underwriting Company in writing to Financial Service Authority within ten (10) working days as of the date of RUPS.
- (2) The Board of Directors of Underwriting Company or Repetitive Underwriting Company shall be obliged to report resolution of RUPS approving the conversion as referred to in paragraph (1) in writing to Financial Service Authority using Form-40 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by:
- a. photocopy of Resolution of RUPS approving the conversion to Syariah Underwriting Company or Repetitive Syariah Underwriting Company;
 - b. photocopy of Resolution of RUPS declaring appointment of member of the Board of Directors, Board of Commissioners, and DPS;
 - c. photocopy of Amendment to Articles of Association stating:
 1. name, either of the Company's purposes and objectives, namely business activity of Syariah Underwriting or Repetitive Syariah Underwriting; and
 2. authority and responsibility of DPS; and
 - d. photocopy of Obligatory Taxpayer Identification Number (NPWP) in the name of Syariah Underwriting Company or Repetitive Syariah Underwriting Company resulting from conversion.

- (3) In reporting Resolution of RUPS approving the conversion referred to in paragraph (1) Underwriting Company or Repetitive Underwriting Company exercising the conversion shall be obliged to submit application for Business License to open Branch Office which was previously belonged to Underwriting Company or Repetitive Underwriting Company being converted to Financial Service Authority in its own name.
- (4) The Board of Directors shall be obliged to submit application for License to open Branch Office referred to in paragraph (3), Financial Service Authority using Form-41 as specified in the Attachment constituting inseparable part of this Regulation Financial Service Authority, supported by:
- a. The previous License for opening the previous Branch Office belonging to Underwriting Company or Repetitive Underwriting Company being converted; and
 - b. proof of ownership or control over Branch Office building.
- (5) Based on Resolution of RUPS approving the conversion as referred to in paragraph (2) and application for License to open Branch Office as referred to in paragraph (4) (if any), Financial Service Authority:
- a. shall review the document referred to in paragraph (2) and paragraph (4);
 - b. shall either grant approval to or reject the application for amendment to the Business License as Syariah Underwriting Company or Repeatin Syariah Underwriting Company taking effect as of the date the Articles of Association are ratified, approved and notified to the competent authority; and
 - c. shall either grant approval to or reject the application for License to open Branch Office s referred to in paragraph (4) taking effect as of the date the Articles of Association are ratified, approved and notified to the competent authority.
- (6) Approval for Business License and/or License for opening Branch Office of Syariah Underwriting Company or Repetitive Syariah Underwriting Company for conversion as referred to in paragraph (5) letter b and letter c shall be granted within 20 (twenty) working days as of the date the completed reporting document referred to in paragraph (5) is received.
- (7) If Financial Service Authority rejects to accept the Business License referred to in paragraph

(5) letter b, rejection must made in writing supported by reason for rejection.

Article 81

Syariah Underwriting Company or Repetitive Syariah Underwriting Company resulting from conversion shall be obliged to report such conversion to Financial Service Authority within 20 (twenty) working days at the latest effective as of the date the Articles of Association are ratified, applied and notified to the competent authority using Form-42 as specified in the Attachment constituting inseparable part of this Regulation of Financial Service Authority, supported by the Articles of Association that have been ratified, approved and notified to the competent authority.

Article 82

Conversion of Underwriting Company or Repetitive Underwriting Company to Syariah Underwriting Company or Repetitive Syariah Underwriting Company does not minimizing the rights of Guarantee Receiver and obligations of Guaranteed Party.

CHAPTER XIII

to be continued

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