

BANK INDONESIA REGULATION
NUMBER 18/4/PBI/2016
CONCERNING
AMENDMENT OF BANK INDONESIA REGULATION NUMBER 16/21/PBI/2014
CONCERNING THE IMPLEMENTATION OF PRUDENTIAL PRINCIPLES IN
MANAGING EXTERNAL DEBT OF NON-BANK CORPORATION

BY THE BLESSINGS OF GOD THE ALMIGHTY
THE GOVERNOR OF BANK INDONESIA,

Considering:

- a. that in the application of regulation concerning implementation of prudential principles in managing external debt of non-bank corporation, particularly those that regulate financing corporations, it is necessary to harmonize regulations between authorities by keeping prudential principles as a key priority;
- b. that support in financing and development of Indonesia export activity, particularly by Indonesia Eximbank, are required;
- c. that based on the foregoing considerations referred to in letter a and letter b, Bank Indonesia Regulation Number 16/21/PBI/2014 concerning the Application of Prudential Principles in Managing External Debt of Non-Bank Corporation needs to be amended;

Pursuant to: Law Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to State Gazette of the Republic of Indonesia Number 3843) as last amended by Law Number 6 of

2009 concerning the Enactment of Government Regulation in Lieu of Law Number 2 of 2008 on the Second Amendment to Law Number 23 of 1999 on Bank Indonesia as a Law (State Gazette of the Republic of Indonesia Number 7 of 2009, Supplement to State Gazette of the Republic of Indonesia Number 4962);

HAS DECREED:

To establish: BANK INDONESIA REGULATION CONCERNING AMENDMENT TO BANK INDONESIA REGULATION NUMBER 16/21/PBI/2014 CONCERNING THE APPLICATION OF PRUDENTIAL PRINCIPLES IN MANAGING EXTERNAL DEBT OF NON-BANK CORPORATION

Article I

Several provisions under Bank Indonesia Regulation Number 16/21/PBI/2014 on the Application of Prudential Principles in Managing External Debt of Non-Bank Corporation (State Gazette of the Republic of Indonesia of 2014 Number 394, Supplement to State Gazette of the Republic of Indonesia Number 5651) are amended as follows:

1. Provisions of Article 7 are amended, and so as to read as follows:
 - (1) Fulfillment of the minimum Credit Rating, as stipulated in Article 5, is not applicable to:
 - a. External Debt in Foreign Currencies applied to substitute the previous External Debts (refinancing);
 - b. External Debts in Foreign Currencies for infrastructure project financing sourced:

1. entirely from international (bilateral or multilateral) creditors;
 2. from syndicated loans with contribution of international (bilateral or multilateral) creditors of more than 50% (fifty percent);
 - c. External Debts in Foreign Currencies for financing of central and regional government's infrastructure projects;
 - d. External Debts in Foreign Currencies guaranteed by international (bilateral or multilateral) institutions;
 - e. External Debts in Foreign Currencies in the form of trade credit;
 - f. External Debts in Foreign Currencies in the form of other loans;
 - g. External Debts in Foreign Currencies of finance company to the extent that :
 1. the finance company have at least "Sound" Financial Soundness Level last issued by the Financial Services Authority (OJK); and
 2. the finance company fulfill the maximum gearing ratio as specified by OJK; or
 - h. External Debts in Foreign Currencies of Indonesia Eximbank (LPEI).
- (2) External Debts in Foreign Currencies in the form of refinancing, referred to in paragraph (1) letter a, may only be exempted while no additional outstanding loans are approved or the additional outstanding loans are below the threshold.
- (3) Bank Indonesia determines the threshold of outstanding debt increase

for the refinancing External Debts exempted from fulfillment of minimum Credit Rating referred to in in paragraph (1).

- (4) Further provisions for the scope of infrastructure projects referred to in paragraph (1) letter b and letter c, international (bilateral or multilateral) agencies referred to in paragraph (1) letter b and letter d, refinancing External Debts set forth in paragraph (2), and the threshold of outstanding debt increase referred to in paragraph (3) are contained in Bank Indonesia Circular Letter.

Chapter II

This Regulation of Bank Indonesia shall come into force on its promulgation date.

Enacted in Jakarta
on 21 April 2016
GOVERNOR OF BANK INDONESIA,

AGUS D. W. MARTOWARDOJO

Promulgated in Jakarta
on 22 April 2016

MINISTER OF LAW AND HUMAN RIGHTS
REPUBLIC OF INDONESIA,

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2016 NUMBER 74

ELUCIDATION
OF
BANK INDONESIA REGULATION
NUMBER 18/4/PBI/2016
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I. GENERAL

External Debt is one of the financing sources for Indonesia's development. External debt is used to bridge the saving-investment gap, thereby benefiting the economy.

Recently, the authority governing and overseeing financing corporations has issued a regulation consistent with this regulation, namely management of finance company external debt risks. In line with the foregoing, Bank Indonesia considers it is necessary to harmonize the regulations decreed by the two authority by keeping prudential principles as a key priority.

In addition, in the presently more challenging economic condition, Bank Indonesia make serious effort to support financing and development of export activities in Indonesia.

II. ARTICLE BY ARTICLE

Article I

Number 1

Article 7

Paragraph (1)

Letter a

Self-explanatory

Letter b

If a Non-Bank Corporation obtains a syndicated loan to finance an infrastructure project, they are not obliged to comply with the mandatory minimum Credit Rating to the extent the participation of international (bilateral or multilateral) creditors in the syndication is above 50% (fifty percent).

The exemption for infrastructure project financing serves as an effort to support domestic infrastructure development.

Letter c

“Central and regional government’s infrastructure projects” are defined as projects already included in the planning documents of the Central Government or Regional Governments.

Letter d

Self-explanatory

Letter e

“Trade credit” is defined as debt in the form of credit provided by an international supplier in lieu of goods and/or services received.

Letter f

“Other loans” are defined as all debt, excluding that based on a loan agreement, debt securities and trade credit, amongst others, in the form of insurance claims and dividends that have been declared but not yet paid.

Letter g

“Finance Company” means any entities carrying on financing activities for procurement of goods and services.

Letter h

“Indonesia Eximbank” means an institution established under Law Number 2 of 2009 concerning Indonesia Eximbank. Indonesia Eximbank carries on National Export Financing activities in the form of Financing, Guarantee, and/or Insurance.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Article II

Self-explanatory