

REGULATION OF THE MINISTER OF LAW AND HUMAN RIGHTS OF THE REPUBLIC OF INDONESIA
NUMBER 21 OF 2019
ON
PROCEDURES FOR THE SUPERVISION OF THE IMPLEMENTATION OF THE KNOW-YOUR-BENEFICIAL-OWNER PRINCIPLE BY CORPORATIONS

BY THE GRACE OF GOD ALMIGHTY

THE MINISTER OF LAW AND HUMAN RIGHTS OF THE REPUBLIC OF INDONESIA,

Considering:

- a. that based on Regulation of the Minister of Law and Human Rights Number 15 of 2019 on Implementing Procedures for the Application of the Know-Your-Beneficial-Owner Principle by Corporations, supervision of the implementation of the know-your-beneficial-owner principle by corporations is conducted by the Ministry of Law and Human Rights;
- b. that in order to ensure that the implementation of the know-your-beneficial-owner principle by corporations has been implemented in accordance with laws and regulations, it has been deemed necessary to regulate supervision procedures for the know-your-beneficial-owner principle by corporations;
- c. that based on the considerations as referred to in letter a and letter b, it has been deemed necessary to establish Regulation of the Minister of Law and Human Rights on Supervision Procedures for the Implementation of the Know-Your-Beneficial-Owner Principle by Corporations.

Observing:

1. Law Number 39 of 2008 on State Ministry (State Gazette of the Republic of Indonesia of 2008 Number 166, Supplement to the State Gazette of the Republic of Indonesia Number 4916);
2. Law Number 8 of 2010 on Prevention and Eradication of Money Laundering (State Gazette of the Republic of Indonesia of 2010 Number 122, Supplement to the State Gazette of the Republic of Indonesia Number 5164);
3. Law Number 9 of 2013 on Prevention and Eradication of Terrorism Financing (State Gazette of the Republic of Indonesia of 2013 Number 50, Supplement to the State Gazette of the Republic of Indonesia Number 5406);
4. Regulation of the President Number 44 of 2015 on Ministry of Law and Human Rights (State Gazette of the Republic of Indonesia of 2015 Number 84);
5. Regulation of the President Number 13 of 2018 on Implementation of the Know-Your-Beneficial Owner Principle For the Purpose of Prevention and Eradication of Money Laundering and Terrorism Financing (State Gazette of the Republic of Indonesia of 2018 Number 23);
6. Regulation of the Minister of Law and Human Rights Number 29 of 2015 on Organization and Work Procedures at the Ministry of Law and Human Rights of the Republic of Indonesia (Official Gazette of the Republic of Indonesia of 2015 Number 1473) as amended several times, most recently by Regulation of the Minister of Law and Human Rights Number 24 of 2018 on Third Amendment to Regulation of the Minister of Law and Human Rights Number 29 of 2015 on Organization and Work Procedures at the Ministry of Law and Human Rights of the Republic of Indonesia (Official Gazette of the Republic of Indonesia of 2018 Number 1135);
7. Regulation of the Minister of Law and Human Rights Number 15 of 2019 on Procedures for the

Application of the Know-Your-Beneficial-Owner Principle by Corporations (Official Gazette of the Republic of Indonesia of 2019 Number 710).

HAS DECIDED:

To establish:

REGULATION OF THE MINISTER OF LAW AND HUMAN RIGHTS ON SUPERVISION PROCEDURES FOR THE IMPLEMENTATION OF THE KNOW-YOUR-BENEFICIAL-OWNER PRINCIPLE BY CORPORATIONS.

CHAPTER I GENERAL PROVISIONS

Article 1

Under this Regulation of the Minister, the following definitions are employed:

1. Corporations are organized individuals and/or assets, both incorporated and unincorporated in a legal entity.
2. Beneficial Owner is an individual which may appoint or dismiss the board of directors, the board of commissioners, management, advisers, or supervisors in Corporations, has the ability to control the Corporation, is entitled for and/or receives benefit from Corporations both, directly and indirectly, is the real owner of Corporations' funds or assets and/or fulfills the criteria as referred to in laws and regulations.
3. Supervision is the activity to evaluate and/or ensure Corporations' compliance in fulfilling the provisions of the know-your-Beneficial-Owner principle by Corporations.
4. Authorized Agency is a government agency both in central and in regions which has the authority in registration, validation, approval, notification, business licensing, or dissolution of Corporations, or agency which has the authority in supervising and regulating Corporations' business sectors.
5. Relevant Agency is a government agency both in central and in regions whose scope of duties, functions, and authorities are in accordance with laws and regulations.
6. Online General Law Administration (Administrasi Hukum Umum Online), from this point onwards, is referred to as AHU Online, is an electronic-based public service system organized by the Directorate General of General Law Administration.
7. Minister is the minister whose duties and responsibilities are concerned with law and human rights.
8. Directorate General is the Directorate General of General Law Administration.
9. Days are Business Days.

CHAPTER II SUPERVISION OF THE IMPLEMENTATION OF THE KNOW-YOUR-BENEFICIAL-OWNER PRINCIPLE BY CORPORATIONS

Article 2

- (1) Any Corporations must determine the Beneficial Owner of the Corporations.

- (2) The Corporations as referred to in paragraph (1) shall consist of:
 - a. limited liability company;
 - b. foundation;
 - c. association;
 - d. cooperative;
 - e. limited partnership; and
 - f. commercial partnership.
- (3) The determination of the Beneficial Owner of Corporations, as referred to in paragraph (1), is conducted by Corporations through the implementation of the know-your-Beneficial-Owner principle by Corporations.
- (4) Procedures for the implementation of the know-your-Beneficial-Owner principle by Corporations, as referred to in paragraph (3), is conducted in accordance with laws and regulations.

Article 3

- (1) Supervision of the implementation of the know-your-Beneficial-Owner principle by Corporations, as referred to in Article 2 paragraph (3), is conducted by the Minister through the Director-General.
- (2) Supervision as referred to in paragraph (1), may be implemented in the form of:
 - a. establishing regulations or guidelines as implementing laws and regulations on the implementation of the know-your-Beneficial-Owner principle by Corporations;
 - b. conduct an audit of Corporations; and
 - c. organize other administrative activities within the scope of duties and responsibilities in accordance with laws and regulations on the know-your-Beneficial-Owner principle by Corporations.
- (3) In conducting the Supervision as referred to in paragraph (1), the Directorate General shall coordinate with the Relevant Agency in accordance with its authorities.
- (4) If necessary for the purpose of Supervision, as referred to in paragraph (1), the Minister may establish a team.

Article 4

- (1) Supervision of the implementation of the know-your-Beneficial-Owner principle by Corporations, shall consist of:
 - a. implementation of identification and verification of information on Corporations' Beneficial Owner;
 - b. determination of Corporations' Beneficial Owner;
 - c. submission of information on Corporations' Beneficial Owner to the ministry whose duties and responsibilities are concerned with law and human rights;
 - d. submission of changes of information on Corporations' Beneficial Owner;
 - e. updating information on Corporations' Beneficial Owner;
 - f. document administration of Corporations' Beneficial Owner; and
 - g. designation of Corporations' officials or employees for the purpose of implementing the know-your-Beneficial-Owner principle by Corporations.
- (2) For the purpose of Supervision as referred to in paragraph (1), Corporations must:

- a. submit documents which are owned, possessed, and/or managed by Corporations;
- b. provide information to the officials and/or employees of the Directorate General, both in writing and in verbal;
- c. allow the officials and/or employees of the Directorate General to enter yard, land, building, or properties which are owned, possessed, and/or managed by Corporations;
- d. keep the confidentiality of the Supervision report; and
- e. implement recommended corrective and/or improvement measures for the findings in the Supervision as well as report the correction and/or improvement conducted to Corporations.

CHAPTER III

PHASES OF SUPERVISION

Division One

General

Article 5

- (1) Supervision is conducted through the following phases:
 - a. filling out a questionnaire by Corporations;
 - b. risk assessment of money laundering and terrorism financing crime for Corporations;
 - c. implementation of Supervision in accordance with risk level; and
 - d. implementation of recommendations by Corporations.
- (2) The phases of Supervision, as referred to in paragraph (1) letter a and letter b, are conducted electronically in the AHU Online.
- (3) The phases of Supervision, as referred to in paragraph (1) letter c and letter d, is conducted electronically and non-electronically in the AHU Online.
- (4) The phases of Supervision, as referred to in paragraph (1), are contained in Appendix I, which constitutes an integral part of this Regulation of the Minister.

Division Two

Filling Out Questionnaire by Corporations

Article 6

- (1) Filling out a questionnaire by Corporations, as referred to in Article 5 paragraph (1) letter a, is conducted to obtain initial information for compliance of Corporations and self-assessment on the implementation of the know-your-Beneficial-Owner principle by Corporations.
- (2) The questionnaire, as referred to in paragraph (1), shall at least contain the following information:
 - a. policy and procedures for the implementation of the know-your-Beneficial-Owner principle by Corporations;
 - b. implementation of identification and verification of information on Corporations' Beneficial Owner;
 - c. implementation of the determination of Corporations' Beneficial Owner;

- d. submission of information on Corporations' Beneficial Owner to the Minister;
 - e. submission of changes of information on Corporations' Beneficial Owner;
 - f. update information of Corporations' Beneficial Owner;
 - g. documents administration of Corporations' Beneficial Owner; and
 - h. appointment of Corporations' officials or employees for the purpose of implementing the know-your-Beneficial-Owner principle by Corporations.
- (3) The filling out questionnaire, as referred to in paragraph (1) by Corporations in the AHU Online, is conducted on 1 to 31 December each year.

Division Three

Risk Assessment of Money Laundering and Terrorism Financing Crime for Corporations

Article 7

- (1) Supervision of the implementation of the know-your-Beneficial-Owner principle by Corporations is conducted based on the result of risk assessment of money laundering and terrorism financing crime, as referred to in Article 5 paragraph (1) letter b.
- (2) The risk assessment of money laundering and terrorism financing as referred to in paragraph (1) is conducted by the Minister through the following phases:
- a. organize sectoral assessment on money laundering and terrorism financing risks for all types of Corporations;
 - b. identification and analysis of inherent risks of each Corporation by considering the sectoral risk assessment of money laundering and terrorism financing in all types of Corporations as referred to in letter a;
 - c. identification of internal control level of each Corporation;
 - d. analysis of the residual risk of each Corporation;
 - e. identification and impact level analysis; and
 - f. analysis of money laundering and terrorism financing risk level to each Corporation.
- (3) The result of risk assessment of money laundering and terrorism financing as referred to in paragraph (2) shall be in the form of risks, as follows:
- a. low, or no money laundering and terrorism financing risks;
 - b. medium, or has money laundering and terrorism financing risks which have an impact on the disruption of Corporations' internal operation;
 - c. high, or has money laundering and terrorism financing risks which have an impact on a potential decline in Corporations' reputation level; or
 - d. very high, or has money laundering and terrorism financing risks, which have an impact on violation of laws and regulations and affect Corporations' reputation.

Division Four

Supervision Implementation

Article 8

In implementing the Supervision as referred to in Article 3, the Minister shall conduct:

- a. off-site Supervision; and
- b. on-site Supervision.

Article 9

- (1) The off-site Supervision, as referred to in Article 8 letter a is conducted electronically through the AHU Online, for Corporations which have low-risk and medium-risk.
- (2) Implementation of the off-site Supervision as referred to in paragraph (1) shall consist of:
 - a. examination of documents and information;
 - b. assessment of the implementation of the know-your-Beneficial-Owner principle by Corporations; and
 - c. information on off-site Supervision results.
- (3) The off-site Supervision result as referred to in paragraph (1) letter c, shall at least consist of:
 - a. data entry and information on Corporations;
 - b. Supervision findings based on an assessment of the implementation of the know-your-Beneficial-Owner principle by Corporations; and
 - c. off-site Supervision result recommendation.
- (4) Submission of the off-site Supervision result recommendation, as referred to in paragraph (3) letter c to Corporations, is conducted through the AHU Online.

Article 10

- (1) The on-site Supervision, as referred to in Article 8 letter b, is conducted to Corporations that have high-risk and very high-risk.
- (2) Implementation of the on-site Supervision as referred to in paragraph (1) is conducted through:
 - a. verification of documents and information;
 - b. verification of information on the determination of Corporations' Beneficial Owner;
 - c. report of the Authorized Agency and the Relevant Agency;
 - d. process for granting business license from the authorized agency;
 - e. summoning the Corporations; and
 - f. formulation of on-site Supervision result.
- (3) The formulation of on-site Supervision result as referred to in paragraph (2) letter f, shall at least consist of:
 - a. documents and information submitted by Corporations;
 - b. Supervision findings based on examination and assessment of the implementation of the know-your-Beneficial-Owner principle by Corporations; and
 - c. on-site Supervision result recommendation.
- (4) Submission of the on-site Supervision result recommendation, as referred to in paragraph (3) letter c to Corporations, is conducted through AHU Online.

Article 11

- (1) The result of on-site Supervision, as referred to in Article 10 paragraph (2) letter f, is submitted to the Minister to be followed-up in a periodic discussion.
- (2) If necessary, upon the on-site Supervision result as referred to in paragraph (1), the Minister shall summon the Corporations which conduct violation.

Division Five

Implementation of Recommendation by Corporations

Article 12

- (1) Corporations must implement recommendations within 14 (fourteen) Days at the latest since the notification is sent to Corporations.
- (2) In the event that Corporations fail to implement recommendations within the period as referred to in paragraph (1), the Minister may impose measures on the Corporations.
- (3) The measures, as referred to in paragraph (2), may be in the form of:
 - a. blocking the relevant Companies' access in AHU Online by the Minister; and/or
 - b. the Minister shall submit a recommendation to the authorized agency which issues business license.
- (4) Procedures for blocking the relevant Companies' access to AHU Online are conducted in accordance with laws and regulations.
- (5) Recommendation, as referred to in paragraph (3) letter b, shall consist of:
 - a. postponement;
 - b. revocation; or
 - c. cancellation,of Corporations' business license.

Article 13

- (1) Corporations must submit the implementation recommendation, as referred to in Article 12, in writing to the Minister through the Director-General.
- (2) The format of the implementation report, as referred to in paragraph (1), is contained in Appendix II, which constitutes an integral part of this Regulation of the Minister.

CHAPTER IV

CLOSING PROVISIONS

Article 14

This Regulation of the Minister comes into force 3 (three) months from the date of its promulgation.

For public cognizance, it is hereby ordered that this Regulation of the Minister be promulgated in the Official Gazette of the Republic of Indonesia.

Established in Jakarta,

On 23 September 2019

THE MINISTER OF LAW AND HUMAN RIGHTS OF THE REPUBLIC OF INDONESIA,

Signed.

YASONNA H. LAOLY

Promulgated in Jakarta,

On 27 September 2019

THE DIRECTOR GENERAL OF LAWS AND REGULATIONS

THE MINISTRY OF LAW AND HUMAN RIGHTS OF THE REPUBLIC OF INDONESIA,

Signed.

WIDODO EKATJAHJANA

OFFICIAL GAZETTE OF THE REPUBLIC OF INDONESIA OF 2019 NUMBER 112

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