

Jurisdiction : **Indonesia**

2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I. Refining the regulatory perimeter					
1 (2)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level. (London)	Jurisdictions should indicate the steps taken to expand the domestic regulatory framework to previously unregulated entities, for example, non-bank financial institutions (e.g. finance companies, mortgage insurance companies, credit hedge funds) and conduits/SIVs etc.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : 2012 Short description of the content of the legislation/ regulation/guideline: Following the enactment of Law No. 21 of 2011 concerning Financial Services Authority (Otoritas Jasa Keuangan – OJK), Indonesia has formally established Indonesia Financial Services Authority (OJK). This Law introduces the change of regulatory structure in Indonesia. According to the OJK Law, OJK has the authority to exercise an integrated supervisory framework of all financial services in Indonesia (banking, Non-Bank Financial Institutions – NBFIs, and capital market). The OJK has officially	Planned actions (if any): In general non-banking activities that fall under the FSB definition on shadow banking activities and that due to their size or number could pose systemic risks have been regulated and supervised by Indonesian authorities. Indonesian authorities will continue monitoring the development of the FSB recommendations for regulation and oversight of shadow banking and consider the necessity to adopt the recommendations if feasible for Indonesian market. Expected commencement date: Web-links to relevant documents:
(1)		We agree to strengthen the regulation and oversight of the shadow banking system. ¹ (Cannes)	Jurisdictions should indicate policy measures to strengthen the regulation and oversight of the shadow banking system. See, for reference, the recommendations discussed in section 2 of the October 2011 FSB report: Shadow Banking: Strengthening Oversight and Regulation.		

¹ This recommendation will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

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				<p>run since 1 January 2013 after the OJK assumed responsibilities to regulate and supervise capital market and NBFIs from Bapepam-LK. On 1 January 2014, the OJK will take over regulatory and supervisory responsibilities of Indonesia banking system from Bank Indonesia (BI). Following the transfer of banking regulatory and supervisory functions from BI to OJK, BI will assume new responsibility as the authority of macroprudential regulation and supervision. The integrated supervisory framework that will be performed by the OJK will enhanced the current supervisory framework in Indonesia that has covered activities that fall under the FSB definition of shadow banking such as finance companies and money market mutual funds (under mutual funds regulation), etc. These activities are subject to supervisory and regulatory frameworks of the OJK. Activities of shadow banking entities, such as finance companies have been well monitored. Before the establishment of OJK, several regulations have governed activities of NBFIs such as finance companies, microfinance institution, securities firms, money market mutual funds, collective investment schemes, and asset backed</p>	

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				<p>securities. The regulations of the NBFIs cover among other issues regarding licensing, limitation on leverage/asset concentration, restriction on maturity transformation, limitation on liabilities concentrations, liquidity buffers, investment in illiquid assets, etc. Furthermore, even before the FSB discusses the regulatory and supervisory framework of shadow banking activities, Indonesia authority already has the power to collect relevant data and information, carry out supervisory inspections, take enforcement actions (including impose administrative sanctions), etc. Moreover, to prevent money laundering activities through NBFIs, the regulator requires the implementation of Know Your Customer Guidelines. In addition, as banks are required to consolidate all activities conducted by their financial institution subsidiaries, it is expected that a small part of the intermediaries' activities conducted by non-bank financial institutions that fall under the FSB definition of shadow banking are captured by the supervision and examination by the banks' supervisors.</p> <p>Web-links to relevant documents:</p>	

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II. Hedge funds					
2 (3)	Registration, appropriate disclosures and oversight of hedge funds	<p>We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds ...(Seoul)</p> <p>Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)</p>	<p>Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO's Report on Hedge Fund Oversight (Jun 2009) that inter-alia included mandatory registration and on-going regulatory requirements such as disclosure to investors.</p>	<p>Not applicable</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>[No response]</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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3 (4)	Establishment of international information sharing framework	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's Report on Hedge Fund Oversight (Jun 2009) on sharing information to facilitate the oversight of globally active fund managers.	<p>Not applicable</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>[No response]</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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4 (5)	Enhancing counterparty risk management	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)	Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties. See, for reference, the following BCBS documents :	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : 2006	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
6)		Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17,FSF 2008)	<ul style="list-style-type: none"> • Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999) • Banks' Interactions with Highly Leveraged Institutions (Jan 1999) • Basel III (June 2011) – relevant references to counterparty credit risk standards 	Short description of the content of the legislation/ regulation/guideline: BI has a regulation that governs limits for single counterparty exposures. BI regulation governs the maximum limit related with the provision of funds to individuals, groups of borrowers and related parties with banks. The purpose of the limits is to avoid a bank's failures as a result of concentration in the provision of funds. The regulation itself seeks to address: a) The concentration of banks' fund to a single borrower or a group of borrowers (this is one of the causes of bank failures). b) The provision of funds with increasingly complex risk structures (as a result of innovations in	

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				<p>the banking area) Furthermore, BI regulations such as concerning risk management in general have captured elements that should be considered by banks for their interactions with counterparties. BI governs that banks are prohibited conducting transactions with counterparties if there is no underlying of the transactions or for speculation purposes. Moreover, there are also limitations of the transactions' underlying, such as the underlying must not in the forms of equity and commodity. Regarding Basel III requirements on counterparty credit risk, BI considers to adopt the requirements as part of the Basel III adoption in Indonesia.</p> <p>Web-links to relevant documents:</p>	

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III. Securitisation					
5 (7)	Improving the risk management of securitisation	During 2010, supervisors and regulators will: <ul style="list-style-type: none"> implement IOSCO’s proposals to strengthen practices in securitisation markets. (FSB 2009) 	Jurisdictions should indicate the progress made in implementing the recommendations contained in: <ul style="list-style-type: none"> IOSCO’s Report on Global Developments in Securitisation Regulation (Nov 2012) including justification for any exemptions to IOSCO requirements; and 	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	Planned actions (if any):
5 (8)		The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London) Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)	<ul style="list-style-type: none"> BCBS’s Basel 2.5 standards on exposures to securitisations (Jul 2009), http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf 	Issue is being addressed through : <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : 2005 Short description of the content of the legislation/ regulation/guideline: For banking sector, with regard to the securitization exposures, BI has issued its prudential regulation on securitization practices in 2005 with the main element covering traditional securitisation. Nonetheless, at present, securitization exposures are relatively immaterial. The prevailing regulation on securitization is considered very conservative and discouraging banks to undertake securitisation activities. In this regard, if a bank fails to meet all the requirements, it must treat all the securitised assets as its own assets and all prudential	Expected commencement date: Web-links to relevant documents:

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				<p>regulations will apply. According to BI regulation, banks as originator may retain at maximum 10% of total value of securitized financial assets. The limit is applied to ensure that de-recognition of securitized financial assets from banks' balance sheet could meet clean sale/true sale requirements. Considering that the securitization exposures in Indonesia are currently insignificant with subdued prospects, although BI is currently working on the adoption of Basel III capital requirements, BI needs to wisely consider the relevance and cost & benefits of adopting the Basel III recommendation in this area at this time.</p> <p>Web-links to relevant documents:</p>	

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6 (9)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines.</p> <p>See, for reference, the following principles issued by IAIS:</p> <ul style="list-style-type: none"> • ICP 13 – Reinsurance and Other Forms of Risk Transfer • ICP 15 – Investments, and • ICP 17 - Capital Adequacy. <p>Jurisdictions may also refer to the IAIS Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008).</p>	<p>Not applicable</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of :</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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7 (10)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18 ,FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for strengthening best practices for investment in structured product.</p> <p>See, for reference, the principles contained in IOSCO's report on Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009) and Suitability Requirements for Distribution of Complex Financial Products (Jan 2013).</p> <p>Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).</p>	<p>Implementation ongoing or completed</p> <p><i>If " Not applicable " or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : 2009</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>According to BI regulation, banks are only allowed to conduct transactions on derivatives with underlying foreign exchange and interest rate. Therefore, the requirement implies that the banks are only allowed to invest in structured products that meet the regulatory requirements concerning derivatives. In addition, before investing in certain products the banks are also required to consider requirements on assets quality regulation. BI regulation on asset quality, if banks invest in derivative products/structured products, banks should provide to regulator information</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>regarding underlying of the products, rating, issuer, etc. Such information would assist BI supervisors to determine and categorize risk of the products. Furthermore, if banks plan to issue structured products, BI has also regulation regarding Prudential Principles in the Implementation of Structured Products Activities for Commercial Banks. This regulation expects banks to understand nature and risk of the products and requires banks to among others formulate/setup a business plan, perform risk management in an effective manner, determine the classification of customers, disclose product information, and submit a report to Bank Indonesia. Moreover, if banks failed to meet the requirements, banks will be subject to the following sanctions: • administrative warning/reprimand; • lowering bank rating; • prohibition against participating in clearing activities; • suspension and revocation of approval for certain business activities, both for a specific branch office and for the Bank as a whole; • termination of the Bank’s management and subsequent appointment of a temporary management replacement; and/or • placing members of the bank’s management, employees or, shareholders</p>	

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				<p>in blacklist. BI considers the prevailing regulation is adequately conservative for activities on structured products in Indonesia. Therefore, no further revisions to the prevailing regulation are envisaged at this time.</p> <p>Web-links to relevant documents:</p>	

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8 (11)	Enhanced disclosure of securitised products	Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products.</p> <p>See, for reference, IOSCO’s Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012) that complements IOSCO’s Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010).</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Draft published as of : 12 March 2012 for public hearing</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>A new regulation concerning requirement of periodic reporting of Asset-Backed Securities (ABS) by investment managers will require investment managers to submit a monthly report to regulator regarding activities of ABS from investment managers. For a reporting requirement from investment managers to investors has been required by a prevailing regulation.</p> <p>Web-links to relevant documents:</p> <p>http://www.bapepam.go.id/pasar_modal/regulasi_pm/draft_peraturan_pm/draft/Draft-Lap-KIK-EBA.pdf</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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IV. Enhancing supervision					
9 (12)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	<p>Jurisdictions should indicate the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs.²</p> <p>See, for reference, the following documents:</p> <p>Joint Forum:</p> <ul style="list-style-type: none"> • Principles for the supervision of financial conglomerates (Sep 2012) <p>BCBS:</p> <ul style="list-style-type: none"> • Framework for G-SIBs (Nov 2011) • Framework for D-SIBs (Oct 2012) • BCP 12 (Sep 2012) <p>IAIS:</p> <ul style="list-style-type: none"> • ICP 23 – Group wide supervision <p>FSB:</p> <ul style="list-style-type: none"> • Framework for addressing SIFIs (Nov 2011) 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Draft in preparation, expected publication by :</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Bank Indonesia applies more intensive supervision toward large banks that are considered as systemically important in Indonesia. These banks have been the subject of BI requirements on consolidated supervision and higher standards of risk-based supervision. In addition, BI regulation concerning Subsequent Supervisory Actions and Designation of Banks’ Status provides tools and measures for supervisors to deal</p>	<p>Planned actions (if any):</p> <p>Further discussion within internal BI and with other Indonesian authorities regarding Indonesia plans to adopt D-SIB framework in Indonesia.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

² The scope of the follow-up to this recommendation will be revised once the monitoring framework on policy measures for G-SIFIs, which is one of the designated priority areas under the CFIM, is established.

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				<p>with possible bank failures (systemic and non-systemic). Furthermore, the amendment of BI regulations concerning risk management and concerning risk based-bank rating have strengthened risk management practices at banks and improve the assessment of the banks' risk profile at a consolidated level. The new risk-based bank rating framework introduced is a more analytical and forward looking approach aimed at identifying problems earlier and allowing supervisors to take earlier interventions. For D-SIBs framework, BI is conducting a study of to determine the appropriate D-SIB framework for the Indonesian banking industry based on the BCBS document.</p> <p>Web-links to relevant documents:</p>	

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10 (13)	Establishing supervisory colleges and conducting risk assessments	To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)	Reporting in this area should be undertaken solely by home jurisdictions of significant cross-border firms. Relevant jurisdictions should indicate the steps taken and status of establishing remaining supervisory colleges and conducting risk assessments.	Not applicable <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	Planned actions (if any):
14		We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges ...(Seoul)	See, for reference, the following documents: BCBS: <ul style="list-style-type: none"> • Good practice principles on supervisory colleges (Oct 2010) • Report and recommendations on cross-border bank resolution (Mar 2010) IOSCO: <ul style="list-style-type: none"> • Principles Regarding Cross-Border Supervisory Cooperation (May 2010) IAIS : <ul style="list-style-type: none"> • ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges • Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges 	Indonesia is not a home jurisdiction of significant cross-border firms. With regard to Indonesia’s position as a host jurisdiction, Indonesia (BI) participates in several supervisory colleges established by home jurisdictions. Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : [No response] Short description of the content of the legislation/ regulation/guideline: Web-links to relevant documents:	Expected commencement date: Web-links to relevant documents:

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<p>11 (15)</p> <p>New</p>	<p>Supervisory exchange of information and coordination</p>	<p>To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)</p> <p>Enhance the effectiveness of core supervisory colleges. (FSB 2012)</p>	<p>Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the October 2006 Basel Core Principle (BCP) 25 (Home-host relationships) or, if more recent, the September 2012 BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.</p> <p>Jurisdictions should describe any regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information within core colleges (e.g. bilateral or multilateral MoUs).</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>MoUs</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2010</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>At national level, BI has signed bilateral MoUs with other relevant financial sector authorities such as with OJK and Indonesian Deposit Insurance Corporation (LPS). Furthermore, a Financial System Stability Coordination Forum (FKSSK) that was mandated by OJK Law has also been established in 2012. The FKSSK establishment was formalized through a FKSSK MoU that was signed by Minister of Finance, Governor of Bank Indonesia, Chairman of OJK’s Board of Commissioners, and Chairman of LPS’s Board of</p>	<p>Planned actions (if any):</p> <p>Indonesia will continue to establish cross-border supervisory MoUs with other relevant authorities, especially with home supervisors of systemically relevant foreign financial institutions considering foreign banks have a large and growing share in the Indonesian market.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>Commissioners. The MoU facilitates the sharing of information and data among authorities that are required to maintain and promote financial system stability. At international level, in the banking sector, as a response to BCP FSAP recommendations, BI has entered into formal arrangements with several foreign authorities since 2010, such as with foreign authorities such as China (CBRC), Malaysia (BNM), Singapore (MAS), Australia (APRA), and Korea (FSS/FSC).</p> <p>Web-links to relevant documents:</p>	

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12 (16)	Strengthening resources and effective supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)	Jurisdictions should provide any feedback received from recent FSAPs/ROSC assessments on the October 2006 BCPs 1 and 23 or, if more recent, the September 2012 BCPs 1, 9 and 11. Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	Planned actions (if any):
(17)		Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)		Issue is being addressed through : <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : 2011	Expected commencement date:
New		Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)	Jurisdictions should describe the outcomes of the most recent assessment of resource needs (e.g. net increase in supervisors, skills acquired and sought). Please indicate when this assessment was most recently conducted and when the next assessment is expected to be conducted.	Short description of the content of the legislation/ regulation/guideline: In the current Central Bank Law, BI has the powers to regulate, supervise, license and impose sanction on banks. BI has clear supervisory and regulatory mandates, and is independent to act to enforce regulation to create sound banking system. As BI’s function in the area of banking supervisory and regulatory will be handed over to OJK, all of those powers have also been stated clearly in the OJK Law. According to OJK Law, OJK has the authority to regulate, supervise, license, and impose sanction to banks (from 1 January 2014), non-banks, and capital market.	Web-links to relevant documents:

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				<p>Currently, BI has a full set of tools to proactively identify and address risks, including to conduct regular stress testing (on monthly basis) and exercise prompt corrective actions. Regarding prompt corrective action, according to the revised BI regulation issued in 2013, a bank will only have limited time to resolve their problem. The bank that is designated under intensive supervision will only have a maximum of one year to resolve the bank’s problem by conducting mandatory supervisory actions and discretionary remedial actions which BI considers appropriate. An extension of one year can only be given for specific circumstances and can only be given once under specific circumstances.</p> <p>Furthermore, a shorter limited time to resolve problems, i.e. a maximum of three months, is applied for banks that are designated under special surveillance.</p> <p>The prevailing regulation provides mandate to BI supervisors to take increasingly intrusive actions against banks which exhibit signs of deteriorating financial viability. The prevailing supervisory frameworks also allow BI to evaluate the potential risks posed by banking activities even before the issuance of new banking products or</p>	

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				<p>activities in which the banks are engaged. In this regard, BI will evaluate the banks' plan to issue new products or activities and BI may eventually prohibit the banks to issue the planned new products or activities if BI considers weaknesses exist in some aspects, such as, readiness of the banks to manage new products or activities, risk management, transparency, as well as customer protection. BI also has the power to require the banks to terminate the launched new products or activities, if BI indicates the launched new products or activities meet certain conditions, such as, deviating from the previous plan submitted to BI, potentially generating significant loss to the banks' financial condition, and/or conflicting with the prevailing regulations. With regard to an assessment of resource needs, BI conducts the assessment regarding the necessary requirements of supervisory resources and capacities regularly. The most recent assessment of supervisory resources has been followed up by the recruitment of new supervisors to fill vacant positions. Meanwhile, an assessment of supervisors' necessary skills is conducted through a training need analysis that is conducted annually approaching end of the year. This</p>	

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				<p>assessment has been followed up by providing necessary training for supervisors in each following year as part of their regular skills and capabilities enhancements. Topics offered for training covers recent international issues/development on regulatory and supervisory, as well as international recognized professional certifications (such as CFA, CPA, FRM, etc.). Furthermore, in addition to specific trainings that are identified based on each individual's skill enhancement assessment, each year BI requires all supervisors to pass a gradual increased level of an internal certification for supervisors.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V. Building and implementing macroprudential frameworks and tools					
13 (18)	Establishing regulatory framework for macro-prudential oversight	Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks ³ and private pools of capital to limit the build up of systemic risk. (London)	Please describe the systems, methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	Planned actions (if any):
19)		Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)	Please indicate whether an assessment has been conducted with respect to the powers to collect and share relevant information among different authorities – where this applies – on financial institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment has indicated any gaps in the powers to collect information, and whether any follow-up actions have been taken.	Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : 2012 Short description of the content of the legislation/ regulation/guideline: BI has conducted macro-prudential surveillance since 2003. This enables Bank Indonesia to identify and take account of macro-prudential risks across the financial system. With the establishment of OJK, the OJK will also be expected to consider these risks in performing its function to implement an integrated regulatory and supervisory framework of all financial sectors. The	Expected commencement date: Web-links to relevant documents:

³ The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>OJK's responsibility to perform the integrated regulatory and supervisory framework is stated in the OJK Law. Macroprudential measures adopted by BI among others are: • BI has issued regulation concerning Loan to Value Ratio that has been effectively implemented starting 2012. This regulation is intended to target/restrain housing loan growth. BI applies different risk weight for residential property loans for different LTV ratio. • BI applies reserve requirement ratio as a measure to balance bank's intermediation role and its liquidity state. According to this regulation, the bank will get disincentive of higher reserve requirement if its loan to deposit ratio (LDR) falls outside the range of required LDR. • BI applies requirement concerning minimum holding of secondary reserve requirement and currency risk limits as measures to limit the build-up of system wide financial risks or to address specific financial risk. • BI adopts measures to address capital flow volatility by requiring minimum holding period of BI certificate and lengthening maturity of BI certificate. Furthermore, the OJK as the authority of all financial sectors in Indonesia starting 1 January 2014 will</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>also identify and take once OJK as stated in the OJK Law, the OJK has the authority to perform an integrated regulatory and supervisory framework of the financial sector. Sharing information arrangement among different authorities in Indonesia is governed through a FKSSK (Financial System Stability Coordination Forum) MoU that was signed by four financial sector authorities in Indonesia (MoF, BI, OJK, and LPS), please refer to response no. 11. The MoU governs the sharing of information both in normal and crisis times. The sharing of data and information is not limited to indicators of crisis management protocol, but also results of surveillance by each authority and other data and information that are required for each authority's tasks and responsibilities. With regard to the power to collect information, according to prevailing Laws and regulations, BI and OJK have the authority to require banks, NBFIs, and capital market to submit or report information and data in regular and in ad-hoc basis if additional data and information are deemed necessary. All information and data are used by BI and OJK to assess the potential failure or severe stress of financial institutions that</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				will contribute to systemic risk. Web-links to relevant documents:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14 (20)	Enhancing system-wide monitoring and the use of macro-prudential instruments	<p>Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level...(Rec. 3.1, FSF 2009)</p> <p>We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)</p>	<p>Please describe major changes in the institutional arrangements for macroprudential policy that have taken place in the past two years, including changes in: i) mandates and objectives; ii) powers and instruments; iii) transparency and accountability arrangements; iv) composition and independence of the decision-making body; and v) mechanisms for domestic policy coordination and consistency.</p> <p>Please indicate the use of macroprudential tools in the past two years, including the objective for their use and the process used to select, calibrate, and apply them.</p> <p>See, for reference, the CGFS document on Operationalising the selection and application of macroprudential instruments (Dec 2012).</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The enactment of OJK Law in 2011 introduced a new regulatory structure in Indonesia. According to OJK Law, macroprudential regulation and supervision will be the authorities of BI. BI’s mandates on macroprudential regulation and supervision will be further defined and strengthen in the amendment of BI Law. Furthermore, as mandated by OJK Law, in 2012, Indonesian authorities established a Financial System Stability Coordination Forum (FKSSK). The FKSSK comprises of four authorities in Indonesia namely MoF, BI, OJK, and LPS. This coordination forum serves as a</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
(21)		<p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)</p>	<p>Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on Macroprudential policy tools and frameworks (Oct 2011), and the IMF paper on Macroprudential policy, an organizing framework (Mar 2011).</p>		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>forum to coordinate, share, discuss, and decide policies pertaining to financial system stability in Indonesia. Bank Indonesia has conducted macro-prudential surveillance since 2003. Please refer to our response no. 13 regarding examples of macroprudential measures that have been applied by BI. In addition to measures stated above, BI has also monitored changes in asset prices and their implications for domestic financial system stability as part of our macro-prudential surveillance processes.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (22)	Improved cooperation between supervisors and central banks	Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain. (Rec. V.8 , FSF 2008)	<p>Jurisdictions can make reference to the following BCBS documents:</p> <ul style="list-style-type: none"> • Report and recommendations of the Cross-border Bank Resolution Group (Mar 2010) • Good Practice Principles on Supervisory Colleges (Oct 2010) (Principles 2, 3 and 4 in particular) 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>MoUs</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Indonesia has effective gateways for information exchange with domestic and foreign supervisory authorities. Laws of financial regulators (BI, OJK, and LPS explicitly state that the Indonesian financial regulators have the ability to conduct cooperation with other regulators both domestic and foreign regulators. In domestic scope, the ability to cooperate and coordinate with domestic authorities is formalized through bilateral MoUs between central bank (BI) and supervisory authority (OJK), and between BI and other relevant authorities such as LPS. In addition to bilateral MoUs, four</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>financial sector authorities in Indonesia have signed a MoU as the basis of coordination and sharing information among the authorities to promote and maintain financial stability (please refer to our response no. 11, 13, and 14). Referring to the MoU, data and information that will be shared consist of among others, but not limited to, results of surveillance by each authority and other data and information that deem necessary to the exercise of tasks and responsibilities of each authority. Regarding cross-border coordination and cooperation, BI has established several MoUs with foreign central banks or supervisory authorities (please refer to response no. 11).</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI. Improving oversight of credit rating agencies (CRAs)					
16 (23)	Enhancing regulation and supervision of CRAs	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs. They should also indicate its consistency with the following IOSCO document: • Code of Conduct Fundamentals for Credit Rating Agencies (May 2008)	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : 2009	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
(24)		National authorities will enforce compliance and require changes to a rating agency’s practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process. CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process. The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)	Jurisdictions may also refer to the following IOSCO documents: • Principle 22 of Principles and Objectives of Securities Regulation (Jun 2010) which calls for registration and oversight programs for CRAs; • Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003) ; and	Short description of the content of the legislation/ regulation/guideline: For banking sector, BI has issued regulation concerning recognition of Credit Rating Agency whose rating is used for prudential regulation purposes such as regarding asset quality, market risk, and credit risk assessment. Furthermore, on a regular basis BI will monitor CRA whose rating is used for prudential regulation purposes to ensure that the CRA meets eligibility criteria. Based on the monitoring result, BI will be able to determine the eligibility of the CRA to entitle recognition as the eligible CRA for banking prudential purposes as banks in Indonesia can only use the	
(25)		Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)	• Credit Rating Agencies: Internal Controls Designed to Ensure the Integrity of the Credit Rating Process and Procedures to Manage Conflicts of Interest (Dec 2012) .		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>services of Bank Indonesia’s recognized CRAs. Before OJK assumed the authority of Bapepam-LK, as a regulator of credit rating agency in Indonesia, Bapepam-LK issued six regulations on CRAs including a regulation concerning registration of CRA in June 2009 to meet the IOSCO Code of Conduct Fundamentals. Furthermore, in 2011, Bapepam-LK has conducted inspection to three domestic CRAs in Indonesia.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (26)	Reducing the reliance on ratings	<p>We also endorsed the FSB’s principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)</p> <p>Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)</p> <p>We reaffirm our commitment to reduce authorities’ and financial institutions’ reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)</p>	No information on this recommendation will be collected in the current IMN survey since a thematic peer review is taking place in this area during 2013.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII. Enhancing and aligning accounting standards					
18 (27)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB. They should also explain the system they have for enforcement of consistent application of those standards.	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : 2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Indonesia has made significant progress to move toward adopting international accounting standards (IFRSs) and international auditing standards (ISAs) to Indonesia national accounting and auditing standards. Indonesian Accounting Standard Board (DSAK-IAI) that responsible for the issuance of Indonesian Financial Accounting Standards (PSAK) and Interpretation of PSAK (ISAK) has adopted almost all IFRSs/IASs to PSAKs. The only IFRSs that have not been adopted are IFRS 1 and IFRS 41 considering the requirements of these IFRSs not relevant</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>with characteristic of business in Indonesia. As members of DSAK-IAI, BI and OJK support the efforts conducted by DSAK-IAI through directly involve in the convergence process of PSAKs with IFRSs. Although the compliance of Indonesian banks to IFRSs by the adoption of PSAKs will be assessed by their external auditors, through its regulations BI also enforces the implementation of the Indonesian accounting standards. BI supervisors also review the implementation of PSAKs by banks to ensure consistency of implementation across banks. Furthermore, banks' regulations that are related with the implementation of PSAKs are continuously being revised in order to align the regulations' requirements with PSAKs requirements. As an example, BI has revised its regulation concerning transparency and publication of banks' reports to incorporate requirements of PSAKs into BI regulation.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>19 (28)</p> <p>(29)</p>	<p>Appropriate application of Fair Value Accounting</p>	<p>Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009)</p> <p>Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF 2009)</p>	<p>Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting.</p> <p>See, for reference, the following BCBS documents:</p> <ul style="list-style-type: none"> • Basel 2.5 standards on prudent valuation (Jul 2009) • Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009) 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>For banking sector, following the adoption and implementation of IAS 39, especially the extensive use of fair valuation, BI has made comprehensive revision to the format and content of prudential reporting (“call reports”) in 2008, including the addition of valuation reserves or adjustments accounts. In practice, the valuation reserves or adjustments accounts are mostly used in the FX derivatives transactions, whereby all instruments are valued using middle rate and are adjusted accordingly at reporting dates through the adjustment accounts. In addition, banks are also required to include the valuation reserves or adjustments (including non-accounting</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>valuation adjustment, e.g. liquidity concerns) to calculate/determine the regulatory capital. Fair value accounting has also been adopted on several regulations for other financial sectors. The financial solvency regulation for insurance industry that was published in 2012 requires the valuation of investment that is in line with the requirement of fair value accounting according to PSAK 50 (IFRS 32) and PSAK 55 (IFRS 39). The reserve valuation has been governed further in other specific regulation that is in line with PSAK 62 concerning insurance contract. For pension funds, the requirement to apply fair value accounting as required by PSAK has been governed through a regulation concerning financial statement guidelines and investment valuation of pension funds.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Enhancing risk management					
20 (31)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. See, for reference, the Joint Forum's Principles for the supervision of financial conglomerates (Sep 2012) and the following BCBS documents:	Implementation ongoing or completed <i>If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification:</i>	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
(33)	National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)	<ul style="list-style-type: none"> • Principles for effective risk data aggregation and risk reporting (Jan 2013) • The Liquidity Coverage Ratio (LCR) (Jan 2013) • Principles for the sound management of operational risk (Jun 2011) • Principles for sound stress testing practices and supervision (May 2009) 	Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : 2012		
(34)	Regulators and supervisors in emerging markets ⁴ will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)	Jurisdictions may also refer to FSB's February 2013 thematic peer review report on risk governance .	Short description of the content of the legislation/ regulation/guideline: With regard to stress testing, BI has required banks to conduct stress testing through several regulations such as regulation concerning risk management. In addition, Bank Indonesia has also regularly conducted bottom up and top down stress tests since 2003. The stress testing results are used by supervisors to determine that an individual bank's capital adequacy is commensurate with its risk profile. Regarding efforts to strengthen banks' risk management practices, BI has enhanced regulation on		
(35)	We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)				

⁴ Only the emerging market jurisdictions may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>risk management as guidance for banks. Assessment result of banks' risk management practices as required by a new risk management regulation is considered by supervisors as one of factors to determine the banks' soundness level as governed by a new risk based supervision approach that has been effectively implemented by January 2012. With regard to risk governance, the prevailing BI regulations have met almost all requirements/expectations of sound risk governance. BI adopted the 2008 Principles for Sound Liquidity Risk Management and Supervision since July 2009 to better align BI's regulatory expectations with the BCBS Sound Principles. Since then, Bank Indonesia on regular basis examines banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. Furthermore, BI plans to adopt Basel III 2013 LCR framework. BI has started dialogues with supervisors and the banking industry to reach a common interpretation of elements required in the 2013 LCR. Regarding supervision of banks' operation in foreign funding markets, BI supervisors refer to regulation concerning Net Open Position. The Net Open Position of individual bank is used as part of market risk capital</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>charge assessment. Furthermore, starting March 2011, BI has increased foreign exchange reserve requirements of banks from 1% to 5% in March 2011 and from 5% to 8% in June 2011.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (36)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed. (Pittsburgh)	Jurisdictions should indicate steps taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could include here the amount of new equity raised by banks operating in their jurisdictions during 2012.	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : 2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Indonesian banks are mostly hold capital above the minimum capital ratio requirements. Efforts by banks to raise capital might be driven if banks are required to hold higher their capital ratio, hence they might be required to raise capital. This situation could be experienced by banks if they hold capital below their soundness risk profiles as stipulated on the BI regulations concerning minimum capital requirement. These requirements differentiate level of capital that must be held by banks. From five categories of risk profile soundness levels, banks that are designated fall under the fourth and fifth categories will be required to hold at minimum within</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>11%-14%, although BI might requires higher level of capital beyond the stated ranges if it deemed necessary. Or if the banks meet criteria as a bank under intensive supervision or special surveillance status as governed by BI regulation concerning prompt corrective action, the bank could be required to raise capital as part of the banks' action plans. For core capital in nominal, efforts by banks to raise this requirement could also be driven by motivation to be categorized to a higher category of group banks as governed by a new BI regulation concerning banks' business activities and office network based on the banks' core capital that categorized Indonesian banks into four different groups. The highest category will provide banks with the highest flexibilities in conducting business activities. For foreign banks, a new BI regulation concerning minimum capital requirement requires foreign bank branches to meet requirements of Capital Equivalency Maintained Assets (CEMA). In this regard, foreign bank branches are required to invest a minimum amount of capital equivalence in their Indonesian branches in the form of eligible domestic debt securities, i.e. government bonds, banks' bonds, or corporate bonds. With regard to efforts to reduce impaired assets, in 2012 BI issued a new regulation</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>concerning asset quality of banks. The new regulation incorporated some FSAP recommendations in the area of problem assets, provisions, and reserves. Although currently Indonesia is still applying IAS 39 that requires the application of incurred loss, for prudential purposes, in the calculation of minimum capital requirement BI requires banks to take into account the negative difference between prudential loss provisioning of productive assets based on BI regulation of asset quality and impairment provisioning based on requirements of the applied accounting standard.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22 (37)	Enhanced risk disclosures by financial institutions	Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)	Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on Enhancing the Risk Disclosures of Banks .	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : 2010</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Indonesia has adopted and implemented the IFRS 7 requirements through an Indonesia Accounting Standard (PSAK 60) since 2010. In addition, Pillar 3 disclosure requirements have been effectively implemented in Indonesia. With regard to IFRS 13, currently Indonesia is still in the process to converge PSAK with IFRS 13 and is expected to be implemented starting 1 January 2014.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX. Strengthening deposit insurance					
23 (38)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the recommendations of the FSB’s February 2012 thematic peer review report on deposit insurance systems .	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Draft in preparation, expected publication by : 2015</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>In line with the requirements of IAID Core Principles No. 11 regarding Funding, LPS has been preparing the implementation of a differential premium system (DPS) to replace the current flat rate system. The consultative paper of DPS has already been circulated and discussed with respective parties including the banking industry, BI, OJK, and MoF. LPS would gather inputs and consider concerns from each party in formulating the DPS. The final concept of DPS will be discussed with Parliament and will be governed through a government regulation.</p>	<p>Planned actions (if any):</p> <p>The proposed timeline of the DPS implementation are as follows: deliberation with stakeholders and parliament (2013), the enactment of government regulation and LPS regulation, as well as simulation and transition period (2014), effective implementation (2015). As a next step, LPS would also conduct a self-assessment to assess its compliance to the core principles.</p> <p>Expected commencement date:</p> <p>2015</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Web-links to relevant documents:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X. Safeguarding the integrity and efficiency of financial markets					
24 (39)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)	<p>Jurisdictions should indicate the progress made in implementing the following IOSCO reports:</p> <ul style="list-style-type: none"> • Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011); and • Report on Principles for Dark Liquidity (May 2011). 	<p>Not applicable</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p>[No response]</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
25 (40)	Enhanced market transparency in commodity markets	We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)	<p>Jurisdictions should indicate the policy measures taken to enhance market transparency in commodity markets.</p> <p>See, for reference, IOSCO’s report on Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011).</p> <p>Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the report published by the IOSCO’s Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.</p>	<p>Not applicable</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>[No response]</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 New	Legal Entity Identifier	<p>We support the creation of a global legal entity identified (LEI) which uniquely identifies parties to financial transactions. (Cannes)</p> <p>We encourage global adoption of the LEI to support authorities and market participants in identifying and managing financial risks. (Los Cabos)</p>	Jurisdictions should indicate whether they have joined Regulatory Oversight Committee (ROC) and whether they intend setting up Local Operating Unit (LOU) in their jurisdiction.	<p>Not applicable</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Internally, Indonesia has developed a Single Investor Identification-SID as Legal Entity Identifier. This is governed through a regulation concerning SID namely V.D.3 : Internal Control For Securities Company, VI.B.2 : SID for registrar, and III.C.7 : Sub Account in The Central Securities Depository.</p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>[No response]</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
XI. Enhancing financial consumer protection					
27 (41)	Enhancing financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)	Jurisdictions should describe progress toward implementation of the OECD's G-20 high-level principles on financial consumer protection (Oct 2011) .	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : 2011 Short description of the content of the legislation/ regulation/guideline: Indonesia has issued a consumer protection Act in 1999 as the basis law of consumer protection. Furthermore, the OJK Law that was issued in 2011 further governs consumer protection issues by providing the OJK a mandate to protect the interest of financial institutions' consumers. Several BI regulations have also addressed consumer protection issues such as BI regulations concerning mediation, complaint handling, product transparency and customers' data and privacy. In principle, all requirements on consumer protection that governed by the prevailing Laws and regulations have	Planned actions (if any): Currently BI is working an initiative on Financial Inclusion. Several steps have been taken to address G-20 principles on innovative financial inclusion for which one of the principles is concerning protection issues. Expected commencement date: Web-links to relevant documents: http://www.bi.go.id/web/en/Peraturan/Perbankan/ http://www.bi.go.id/web/id/Info+dan+Edukasi+Konsumen/

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>been in line with G-20 high-level principles on financial consumer protection. Aside from the issuance of Laws and regulations, BI together with banking industry has conducted several customer education programs such as through the distribution of booklet or comic on consumer protections. To cover wider public target, the programs have been conducted through several mechanisms including through mass media and through the existence of mobile education stands (“education cars”). Furthermore, a MoU regarding cooperation to incorporate financial education at all level of schools’ curriculum has been signed between BI and Ministry of Education and Culture. Moreover, to allow greater access of information regarding consumer protection issues, BI has launched a customer information website for which several Indonesia banks have linked their website into the customer information website.</p> <p>Web-links to relevant documents:</p>	

XII. Source of recommendations:

[Los Cabos: The G20 Leaders Declaration \(18-19 June 2012\)](#)

[Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)

[Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)

[Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)

[Pittsburgh: Leaders' Statement at the Pittsburgh Summit \(25 September 2009\)](#)

[London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)

[Washington: The Washington Summit Action Plan to Implement Principles for Reform \(15 November 2008\)](#)

[FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience \(7 April 2008\)](#)

[FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System \(2 April 2009\)](#)

[FSB 2009: The FSB Report on Improving Financial Regulation \(25 September 2009\)](#)

[FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision \(1 November 2012\)](#)

XIII. List of Abbreviations used:

Bapepam-LK: Indonesia Capital Market and Non-Bank Financial Institutions Supervisory Agency

BI: Bank Indonesia

DSAK-IAI: Indonesia Accounting Standard Board Indonesia

FSA: Indonesia Financial Supervisory Agency (OJK: Otoritas Jasa Keuangan)

IDIC: Indonesia Deposit Insurance Corporation (Lembaga Penjamin Simpanan - LPS)

FKSSK: Financial System Stability Coordination Forum

PSAK: Indonesia Financial Accounting Standard