

Progress in the Implementation of G20/FSB Recommendations – June 2012

Jurisdiction: INDONESIA

Index

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# (# in brackets are from 2011 template)	G20/FSB Recommendations		Deadline	Progress to Date	Planned Next Steps	
1. Refining the regulatory perimeter						
1 (new)	Cannes	Strengthening the oversight of shadow banking	We agree to strengthen the regulation and oversight of the shadow banking system. ¹	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 2011</p> <p>Overview (short description) of action(s) taken: Indonesia has regulatory oversights over all agents that are bank-like, non-bank financial institutions, or deposit taking institutions, microfinance institutions that due to size and number these may trigger systemic problems. These institutions are the subject of supervisory and regulatory frameworks of Bank Indonesia, Indonesian Capital Market and Supervisory Authorities (namely "Bapepam-LK"), and other relevant ministries in Indonesia. Money Market Mutual Funds and funds that may trigger systemic risks and conduct</p>	<p>Planned actions (if any):</p> <p>1. Refining capacity and institutional building to supervise all financial firms on consolidated basis.</p> <p>2. Establishing Indonesian Financial Services Authority (Otoritas Jasa Keuangan or "OJK) to have more consolidated and integrated approach of supervisory framework including to shadow banking.</p> <p>Expected commencement date: July 2012</p> <p>Web-links to relevant documents: -</p>

¹ For this survey, the focus is exclusively on the recommendations for monitoring the shadow banking system, discussed in section 2 of the October 2011 FSB report: "Shadow Banking: Strengthening Oversight and Regulation", which is available here: http://www.financialstabilityboard.org/publications/r_111027a.pdf.

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					regulatory arbitrage have been the focus and are also the subject of supervision of Bapepam-LK under the prevailing laws. Web-links to relevant documents: -	
2 (11)	(Lon)	Review of the boundaries of the regulatory framework	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.	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input checked="" type="checkbox"/> Completed as of 2011 Overview (short description) of action(s) taken: 1. Bank Indonesia has harmonized banks and nonbanks regulations in cooperation with Bapepam-LK. On macro-prudential side, Bank Indonesia and the Ministry of Finance have also enforced macro-prudential measures to dampen excessive consumptive growth and bubble in property markets. Under a memorandum of understanding between Bank Indonesia and Bapepam-LK,	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

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			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.		Web-links to relevant documents:	
4 (14)	(Lon)	Effective oversight of cross-border funds	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.	End-2009	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input checked="" type="checkbox"/> Others, please specify: <input checked="" type="checkbox"/> Completed as of 2010	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

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			We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009.		<p>Overview (short description) of action(s) taken: Bapepam-LK has cooperation with ASEAN jurisdictions.</p> <p>Web-links to relevant documents:</p>	
5 (15)	(Lon)	Effective management of counter-party risk associated with hedge funds	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.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: Please refer to the response regarding hedge funds above</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>
6 (16)	(FSF 2008)	Guidance on the management of exposures to	II.17 Supervisors will strengthen their existing guidance on	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p>	Planned actions (if any):

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		leveraged counterparties	the management of exposures to leveraged counterparties		<input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input checked="" type="checkbox"/> Others, please specify: <input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: Please refer to the response regarding hedge funds above Web-links to relevant documents:	Expected commencement date: Web-links to relevant documents:
(ii) Securitisation						
7 (17)	(FSB 2009)	Implementation of BCBS/IOSCO measures for securitisation	During 2010, supervisors and regulators will: <ul style="list-style-type: none"> implement the measures decided by the Basel Committee to strengthen the capital requirement of securitisation and establish 	During 2010	No response required for this survey. Please refer to the BCBS progress report on the Basel 2.5 adoption, available at: http://www.bis.org/publ/bcbs/b2_5prog_rep_table.htm	

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			clear rules for banks' management and disclosure;			
			<ul style="list-style-type: none"> implement IOSCO's proposals to strengthen practices in securitisation markets. 		<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input checked="" type="checkbox"/> Completed as of 2010 (for capital markets). Regulation and supervisory enforcement for banks since 2005. <p>Overview (short description) of action(s) taken: 1. Capital requirement for securitisation for banks has been effective since January 2005. Based on BI regulation number 7/4/PBI/2005, banks are subject to capital charge rules and capital adequacy regime. Banks are prohibited to be originator providing that the transfer of assets for securitization reduce their capital adequacy ratio. Secondly, credit enhancement is subject to capital deduction rules (deduction</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>factors -which ever is lower approach - between the limit of credit enhancement and capital charge for the assets transferred .</p> <p>2. Based on Bapepam-LK rule V.G.5, number 1 (a) Investment Manager for asset backed securities must have adjusted net working capital minimum IDR 25 billion. Enforcement of this regulation is conducted in an on-going basis through regular and special on-site examination. This is a part of initiative to strengthen practices in securitization markets in Indonesia.</p> <p>Web-links to relevant documents:</p>	
8 (18)	(Lon)	Improvement in the risk management of securitisation, including retainment of a part of the risk of the underlying assets by securitisation sponsors or originators	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.	By 2010	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 2005</p> <p>Overview (short description) of action(s) taken:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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	(Pitts)		Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently.		<p>Both BI and Bapepam-LK regulations are considered prudent for current condition. However, the authorities will continuously assess the necessity to revise securitization regulations by considering the development of securitization transaction and market in Indonesia.</p> <p>1. BI has issued its prudential regulation on securitization practices in 2005 with the main element covering traditional securitisation. 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.</p> <p>This securitisation regulation has mainly adopted the Basel II framework in the beginning of 2012 including the treatment for clean sale and capital deduction. At present, securitization exposures are relatively immaterial. Standards set have been considered very conservative and discouraging banks to undertake securitisation program. Shall a bank fail to meet all the requirements, it must treat all the securitised assets as its own assets and all prudential regulations will apply.</p>	

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					<p>2. In addition, based on Bapepam-LK rule IX.K.1 No. 4 of Bapepam-LK, maximum 10% of net asset value has to be retained by originator.</p> <p>Web-links to relevant documents:</p>	
9 (19)	(FSF 2008)	Strengthening of regulatory and capital framework for monolines	II.8 Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify: - Not applicable to Indonesia -</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken:</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>
10 (20)	(FSF 2008)	Strengthening of supervisory requirements or best practices	II.18 Regulators of institutional investors should strengthen the	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p>

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		for investment in structured products	requirements or best practices for firms' processes for investment in structured products.	<p>as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 2009</p> <p>Overview (short description) of action(s) taken: Indonesia has stringent regulatory regime in structured products.</p> <p>1. 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.</p> <p>In addition, before investing in certain products the banks are also required to consider requirements on assets quality regulation.</p> <p>2. Furthermore, banks investing in derivative products/structured products should provide to regulator information regarding underlying of the products, rating, issuer, etc. Such information would assist</p>	Web-links to relevant documents:

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					<p>BI supervisors to determine and categorize risk of the products. BI has also regulation regarding Prudential Principles in the Implementation of Structured Products Activities for Commercial Banks.</p> <p>Therefore, by meeting the required regulation on structured products, banks are expected to understand nature and risk of the products.</p> <p>3. Bapepam-LK has also regulated structured products. According to Bapepam-LK rule IX.K.1 No. 6, structured product investor have to read and accept disclosure document of structure product, and sign statement related to it.</p> <p>Web-links to relevant documents:</p>	
11 (21)	(FSF 2008)	Enhanced disclosure of securitised products	III.10-III.13 Securities market regulators should work with market participants to expand information on securitised products and their underlying assets.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<input checked="" type="checkbox"/> Completed as of 2011 Overview (short description) of action(s) taken: Bapepam-LK rule IX.C.10 regulates all information that have to be disclosed by investment manager of securitized products. Web-links to relevant documents:	
2. Enhancing supervision						
12 (5)	(Pitts)	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.	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input checked="" type="checkbox"/> Completed as of April 2011 Overview (short description) of action(s) taken: 1. Since April 2011, Bank Indonesia has enforced an enhanced supervisory framework (BI regulation number	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

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					<p>13/3/PBI/2011). This enhanced framework is aimed at safeguarding financial system stability by enhancing consolidated supervision, taking prompt corrective actions , and resolving failing banks in effective manner. In addition, an enhanced framework also covers intensified supervisory approaches, especially to large banks as well as those deemed to having financial troubles.</p> <p>The new enhanced framework provides tools and measures for supervisors to promptly deal with possible banks' failure (systemic and non-systemic). Banks designated under intensive supervision will only have a maximum of one year to resolve their problem. An extension of one year can only be given for specific circumstances and can only be given once. Furthermore, a shorter limited time to resolve problems, i.e. a maximum of three months, is applied for banks that are designated under special remedial unit.</p> <p>2. All banks in Indonesia have been the subject of our consolidated supervision and higher standards of risk-based supervision since 2000. Currently, all banks in Indonesia that are considered as systemically important are subject to more intensive supervision frameworks including</p>	

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					<p>daily monitoring of liquidity positions and projections.</p> <p>Web-links to relevant documents:</p>	
13 (8)	(Lon)	Establishment of Supervisory colleges	To establish the remaining supervisory colleges for significant cross-border firms by June 2009.	June 2009 (for establishing supervisory colleges)	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 2010</p> <p>Overview (short description) of action(s) taken:</p> <p>1. Indonesia has been a member of supervisory colleges established by UK FSA, Dutch National Banks, Australian Prudential Regulation Authority, Monetary Authority of Singapore, and Bank Negara Malaysia.</p> <p>2. Indonesia is also a key member (with Thailand, Malaysia and Singapore) of a working</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>committee establishing regional supervisory colleges in SEACEN region.</p> <p>3. Intensive cross-border supervisory cooperation has been regularly conducted (in annual basis) with Monetary Authority of Singapore, Bank of Thailand, Bank Negara Malaysia, Bangko Sentral Ng Pilipinas, and China Banking Regulatory Commission.</p> <p>Web-links to relevant documents:</p>	
14 (8)	(Seoul)	Conducting risk assessments through international supervisory colleges	We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges ...	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 2010</p> <p>Overview (short description) of action(s) taken: See our response for #13</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					Web-links to relevant documents:	
15 (9)	(FSF 2008)	Supervisory exchange of information and coordination	V.7 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.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify: On going</p> <p><input checked="" type="checkbox"/> Completed as of 2010</p> <p>Overview (short description) of action(s) taken:</p> <p>1. At national level, Bapepam-LK (Indonesian Capital Market and Non-Bank Financial Institutions Supervisory Agency) and Bank Indonesia have signed a memorandum of understanding in 2010 for cooperation and coordination of supervision of financial institutions, micro and macro surveillance, and capacity building of human resources.</p> <p>2. At international level, in the banking sector, Bank Indonesia has regularly exercised cross-border supervisory cooperation via regular meetings (see our</p>	<p>Planned actions (if any): Bank Indonesia will 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 of the Indonesian market. In the pipeline is with APRA and Australian, and Cayman Island Monetary Authority.</p> <p>Expected commencement date: 2013</p> <p>Web-links to relevant documents:</p>

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					<p>response for #13). Formal supervisory cooperation and information sharing arrangements (in the form of MoUs) have been exercised with jurisdictions whose banks have significant presence in Indonesia such as China, Korea, Malaysia, Thailand, and Singapore.</p> <p>3. Agreements to enter into a formal MoU with the financial services authorities of Cayman Islands and Australian Prudential Regulation Authority (APRA) are in progress.</p> <p>4. For capital market and non-bank financial institutions, Bapepam-LK have signed memorandum of understanding with regulators in several countries, such as US SEC, Malaysia SC, Hong Kong SFC, Australia ASIC, Sri Lanka SEC, Philippines SEC, Thailand SEC, China CSRC, New Zealand SC, India SEBI, and Iran SEO.</p> <p>Web-links to relevant documents:</p>	
16 (10)	(Seoul)	More effective oversight and supervision	We agreed that supervisors should have strong and unambiguous	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published</p>	Planned actions (if any): Indonesia will amend banking and central bank laws to bolster supervisory roles as well as to give

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		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.		<p>as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 2005 (regular stress testing commencement)</p> <p>Overview (short description) of action(s) taken: Completed. It has been stipulated in the existing legislations. In the current central bank law, Bank Indonesia has the powers to regulate, supervise, license and impose sanction on banks. Bank Indonesia has clear supervisory and regulatory mandates, and is independent to act to enforce regulation to create sound banking system. In the current regulatory regime in Indonesia, Bank Indonesia 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.</p> <p>Web-links to relevant documents:</p>	<p>power for to Bank Indonesia to conduct macro-prudential regulations. Draft of the laws have been in the parliament.</p> <p>Expected commencement date: 2013.</p> <p>Web-links to relevant documents:</p>

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17 (12)	(FSF 2008)	Supervisory resources and expertise to oversee the risks of financial innovation	V.1 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.	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input checked="" type="checkbox"/> Completed as of 2011 <p>Overview (short description) of action(s) taken:</p> <p>1. In day to day supervisory processes, BI supervisors regularly evaluate all potential risks posed by banking activities even before the issuance of new banking products or activities in which the banks are engaged. The supervisory framework has also been enhanced (see our response in # 12).</p> <p>2. On regular basis, BI evaluates the banks' plan to issue new products or activities. BI will prohibit the banks to issue the planned new products or activities, providing that BI find weaknesses in some aspects, such as, readiness of the banks to manage new products or activities, risk management, transparency, as well as customer</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>protection.</p> <p>3. 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.</p> <p>4. Supervisors of BI have also power evaluate the adequacy of the banks' Standard Operating Procedures as well as the banks' authority in managing the new products or activities.</p> <p>5. Supervisors have also regularly identified all embedded risks of the new products or activities. They assess the adequacy of methods to measure and monitor the risks of the new products or activities, the sufficiency of accounting information system, the legal risk, and sufficiency of disclosure. Therefore, BI supervisors will able to ensure that the banks have the capacity to understand and manage the risks.</p> <p>Web-links to relevant documents:</p>	

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3. Building and implementing macro-prudential frameworks and tools						
18 (23)	(Lon)	Amendment of regulatory systems to take account of macro-prudential risks	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 and private pools of capital to limit the build up of systemic risk.	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input checked="" type="checkbox"/> Completed as of 2003 <p>Overview (short description) of action(s) taken:</p> <p>1. Bank Indonesia has conducted macro-prudential surveillance since 2003. This enables Bank Indonesia to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build-up of systemic risk.</p> <p>2. To further exercise macro-prudential BI surveillance, BI has conducted coordination with Bapepam-LK regarding supervision on non-bank financial institutions, especially to NBFIs that are owned by banks. Multifinance institutions owned by banks are required to mirror loan</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>practices of the banks. Thus, BI supervisors would be able to more accurately assess credit risk raised by activities conducted by the banks and their subsidiaries in consolidated basis.</p> <p>Web-links to relevant documents:</p>	
19 (24)	(Lon)	Powers for gathering relevant information by national regulators	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.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken:</p> <p>1. This has been in the prevailing laws of Bi (1999) and Bapepam-LK (1995). BI and Bapepam-LK have the authority to require all banks and nonbank financial institutions (including markets) to submit or report relevant information and data periodically. In addition, BI and Bapepam-LK also have the authority to require the</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>banks and non-bank financial institutions to submit additional information and data that is deemed necessary. All information and data are used by BI and Bapepam-LK to assess the potential failure or severe stress of financial institutions that will contribute to systemic risk.</p> <p>2. According to Article 5 of Capital Market Law, since 1995, Bapepam-LK has the authority to collect and request information related to the financial condition of Providers of Financial Services (PFS), the market and existing instruments in the market.</p> <p>Web-links to relevant documents:</p>	
20 (25)	(FSF 2009)	Use of macro-prudential tools	3.1 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	End-2009 and ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 2003</p>	<p>Planned actions (if any): LTV effective regulation in June 2012</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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	(Cannes)		<p>leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level... Authorities should review enforcing minimum initial margins and haircuts for OTC derivatives and securities financing transactions.</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.</p>		<p>Overview (short description) of action(s) taken:</p> <ol style="list-style-type: none"> 1. Bank Indonesia has conducted macro-prudential surveillance since 2003. This enables Bank Indonesia to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build-up of systemic risk. 2. Macroprudential measures adopted by BI among others are: <ol style="list-style-type: none"> a. BI has issued regulation concerning Loan to Value Ratio that will be effectively implemented in June 2012. This regulation is intended to prevent bubbles in property market. This also applies to vehicle financing. BI applies different risk weight for residential property loans for different LTV ratio. b. 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. c. BI applies requirement concerning 	

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					<p>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.</p> <p>d. BI adopts loan limits to affiliated parties as a measure to reduce interconnectedness. Based on this regulation, banks are prohibited to extend loan for single affiliated party more than 10% of the capital.</p> <p>e. BI adopts measures to address capital flow volatility by requiring minimum holding period of BI certificate and lengthening maturity of BI certificate.</p> <p>Web-links to relevant documents:</p>	
21 (26)	(WAP)	Monitoring of asset price changes	Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify: Bank Indonesia has monitored changes in asset prices</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					<p>and their implications for domestic financial system stability as part of our macro-prudential surveillance processes.</p> <p><input checked="" type="checkbox"/> Completed as of 2010</p> <p>Overview (short description) of action(s) taken:</p> <p>Web-links to relevant documents:</p>	
22 (27)	(FSF 2008)	Improved cooperation between supervisors and central banks	V.8 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.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of 2010</p> <p>Overview (short description) of action(s) taken: (See our response in # 13 and #15).</p> <p>1. Indonesia has effective gateways for</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					<p>information exchange with domestic and foreign supervisory authorities. In domestic scope, there are formal mechanisms for information sharing and cooperation.</p> <p>2. In international fora, we have regularly exercised cross-border supervisory meetings. Indonesian financial sector authorities (Bank Indonesia, Indonesian Capital Market and Non-Bank Financial Institution Supervisory Agency - Bapepam-LK, Indonesian Deposit Insurance Corporation - LPS, and Indonesian FIU - PPATK) have established a formal mechanism to share supervisory information and to harmonize regulatory frameworks.</p> <p>3. In the banking sector, formal supervisory cooperation and information sharing arrangements have been exercised with jurisdictions whose banks have significant presence in Indonesia (see #13). Refer to our previous comments, Bank Indonesia has now established MoU of cross-border supervisory cooperation with Korean FSA.</p> <p>Web-links to relevant documents:</p>	

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4. Improving oversight of credit rating agencies						
23 (35)	(Lon)	Registration of CRAs etc.	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.	End-2009	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input checked="" type="checkbox"/> Completed as of June 2009 <p>Overview (short description) of action(s) taken:</p> <p>1. Bapepam-LK has issued six regulations on CRAs including rules on registration in June 2009 to meet the IOSCO Code of Conduct Fundamentals.</p> <p>2. In 2010, Bapepam-LK has conducted inspection on 2 domestic CRAs in Indonesia.</p> <p>3. For banking sector, BI 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.</p> <p>assessment. In this regard, banks in</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					<p>Indonesia can only use the services of Bank Indonesia recognized CRAs.</p> <p>Web-links to relevant documents:</p>	
24 (36)	(Lon)	CRA practices and procedures etc.	<p>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.</p> <p>CRA's 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.</p>	End-2009	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 2010</p> <p>Overview (short description) of action(s) taken:</p> <p>1. Bapepam-LK regulates how to manage conflict of interest through its rule regarding Behaviour of CRAs. It has regularly conducted inspection on CRAs. The inspection is designed to ensure that CRAs, rating process and methodology have been applied in practice.</p> <p>2. For banking sector, on a regular basis BI will monitor CRA whose rating is used for prudential regulation purposes to ensure that</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO.		the CRA meets eligibility criteria. Based on the monitoring result, BI will be able to determine whether the CRA is still qualified to entitle recognition as the eligible CRA for prudential purposes or not. Web-links to relevant documents:	
25 (37)	(FSB 2009)	Globally compatible solutions to conflicting compliance obligations for CRAs	Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010.	As early as possible in 2010	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: In progress. Planned completion date TBA. <input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: 1. Bapepam-LK supports all form of cooperation towards appropriate, globally compatible solutions (to conflicting compliance obligation for CRAs). 2. Bapepam-LK participates in ACRAA's	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					meeting and other international meetings to discuss the development of rating industry. In 2011, Bapepam-LK concentrated on the inspection of the domestic credit rating agency. Web-links to relevant documents:	
26 (38)	(Seoul) (FSF 2008)	Reducing the reliance on ratings	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. IV. 8 Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of	Ongoing	No response required for this survey. Please refer to national summary tables in <i>Progress Report on Reducing Reliance on CRA Ratings</i> (forthcoming).	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
	(Cannes)		<p>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.</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.</p>			

# (# in brackets are from 2011 template)	G20/FSB Recommendations		Deadline	Progress to Date	Planned Next Steps	
5. Enhancing and aligning accounting standards						
27 (28)	(WAP)	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.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of January 2012</p> <p>Overview (short description) of action(s) taken:</p> <p>1. Over the past 10 years, Indonesia has made great effort to improve the quality of corporate financial reporting. Considerable progress has been made to strengthen the institutional framework of accounting and auditing and to move toward converging Indonesia national accounting and auditing standards with international benchmarks (i.e. International Financial Reporting Standards/IFRS and International Standards on Auditing/ISA). Further improvements are necessary in order to make sure that Indonesia emerges as a good-practice country on accountancy reform in the developing world.</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>2. The Indonesian Institute of Accountants (IAI) is the professional body of accountants and a member of the International Federation of Accountants (IFAC). The Indonesian Institute of Public Accountants (IAPI) is the professional body for public accountants. The IAPI is an association member of IAI. The self-regulatory IAI and IAPI are also the standard setters, perhaps overly stretched with many responsibilities covered by the volunteer efforts of its members.</p> <p>3. The IAI develops and disseminates accounting standards, and IAPI develops and disseminates audit and ethics standards in line with international good practice.</p> <p>4. Indonesian Accounting Standard Board (DSAK-IAI) is responsible for issuing Indonesian Financial Accounting Standard (PSAK) and Interpretation of PSAK (ISAK).</p> <p>5. DSAK has converged materially PSAKs to IFRSs/IASs as of January 1, 2012. Bapepam-LK and BI support Indonesian Institute of Accounting (IAI) to converge Indonesian Accounting Standards (PSAKs) to IFRSs/IASs.</p> <p>IFRS Implementation Team has been set up</p>	

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					<p>under IAI with following tasks:</p> <ul style="list-style-type: none"> • Increasing public understanding of IFRS and Indonesian GAAP; and • Conducting research and assessment to improve the quality of financial reporting within the framework of the IFRS convergence program. • Until December 2011, DSAK-IAI has issued 36 PSAKs and 14 ISAKs which comply with IFRSs/IASs. DSAK-IAI has also revoked 13 PSAKs and 4 ISAKs which is not comply with IFRSs/IASs. <p>Regarding implementation of IAS 39 (PSAK 55) and 32 (PSAK 50) that have been adopted and implemented since January 1, 2010, due to the complexity of those standards, particularly the need of comprehensive data bases for building provisions model, Bank Indonesia keeps monitoring the preparation of such and allows banks to use peer group historical loss data for collective provisioning.</p> <p>As to other accounting standards (e.g. IFRS 1, and others relating to banking industry), Bank Indonesia and the IFRS Implementation Team (under IAI) have worked together to disseminate and to educate the public regarding 14 new standards, through workshops aiming at building awareness.</p>	

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					<p>Furthermore, currently, Bank Indonesia is on the process of adjusting the banks financial statement disclosure format and other prudential regulation in order to comply with the Indonesian Accounting Standards which has converged with the IFRS.</p> <p>Web-links to relevant documents:</p>	
28 (30)	(FSF 2009)	The use of valuation reserves or adjustments by accounting standard setters and supervisors	3.4 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.	End-2009	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input checked="" type="checkbox"/> Draft regulations/guidelines published as of June 2008</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 2008</p> <p>Overview (short description) of action(s) taken: Bapepam-LK has in revised its rule concerning the determination of fair market value of securities, by referring to Indonesia Bond Pricing Agency (IBPA) when the last trading prices of securities on stock</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>exchange (BEI) does not reflect the fair market value. Such requirements also regulated in draft rule regarding accounting guidance for securities company.</p> <p>2. For banking sector, following the adoption and implementation of IAS 39, especially the extensive use of fair valuation, Bank Indonesia 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.</p> <p>Web-links to relevant documents:</p>	
29 (31)	(FSF 2009)	Dampening of dynamics associated with FVA.	3.5 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	End-2009	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of January 2010</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 2010</p> <p>Overview (short description) of action(s)</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			<p>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.</p>		<p>taken: IAS 39 (PSAK 55 – 2006) has been implemented since 1 January 2010. Bapepam-LK still reviews the implementation issues of PSAK 55 in its regulations.</p> <p>Web-links to relevant documents:</p>	
6. Strengthening adherence to international financial standards						
30 (32)	(Lon)	<p>Adherence to international prudential regulatory and supervisory standards, as well as agreeing to undergo FSAP/ FSB periodic peer reviews</p> <p>(Note) Please try to prioritise any major</p>	<p>We are committed to strengthened adherence to international prudential regulatory and supervisory standards.</p> <p>FSB members commit to pursue the maintenance of financial stability, enhance the openness and</p>	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 2010</p> <p>Overview (short description) of action(s) taken:</p>	<p>Planned actions (if any):</p> <p>1. BI is in the process to amend its regulation concerning GCG to incorporate the revised GCG principles issued by BCBS in 2010 and FSB principles/standards regarding compensation.</p> <p>2. On Basel III, Consultative Paper will be made public in Q3-2012.</p> <p>3. Participate in thematic review of risk governance in 2012.</p>

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		initiatives conducted specifically in your jurisdiction	transparency of the financial sector, implement international financial standards, and agree to undergo periodic peer reviews, using among other evidence IMF / World Bank FSAP reports.	<p>Indonesia has conducted several measures associated with adherence to international standards: Some of the fulfilment of international standards is the following:</p> <ul style="list-style-type: none"> • Following up on some of the reviews of the FSB-related compensation and remuneration through regulatory GCG • Adjust the existing frameworks within the principles of Basel • Enforcement of eligibility for capital, • Improved risk management review • Arrange Revisit Indonesian Banking Architecture that adapts to the ownership structure, capital and financial standards of other international. • Preparation of the Capital Market Master Plan • Following up on the diagnostic results of the FSAP financial system resilience <p>To complete those agenda, the necessary factors needed so that the implementation goes according to plan include, among others:</p> <ul style="list-style-type: none"> • Improve the rule of law • Strengthen political stability • Increase the use of financial services including capital markets, insurance and 	<p>4. Undertake country peer review in 2013.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					finance companies <ul style="list-style-type: none"> Increasing the capacity of human resources in improving the quality of financial services Harmonization of the provisions relating to the financial sector Web-links to relevant documents:	
7. Enhancing risk management						
31 (4)	(WAP)	Enhancing guidance to strengthen banks' risk management practices	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.	Ongoing	Implementation ongoing: <ul style="list-style-type: none"> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input checked="" type="checkbox"/> Completed as of Jan 2012 Overview (short description) of action(s) taken: The enhancement of guidance to strengthen banks' risk management practices is also corresponding with the issuance of the new risk based supervision approach and has been effectively implemented by January 2012.	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

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					Web-links to relevant documents:	
32 (4)	(FSF 2009)	Validation of adequacy of banks' capital buffers	1.4 Supervisors should use the BCBS enhanced stress testing practices as a critical part of the Pillar 2 supervisory review process to validate the adequacy of banks' capital buffers above the minimum regulatory capital requirement.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: Continuous process.</p> <p><input type="checkbox"/> Completed as of January 2012</p> <p>Overview (short description) of action(s) taken:</p> <p>1. BI supervisors has conducted stress testing practices as part of pillar 2 supervisory review processes. This has been enhanced in 2012 as part of Basel II implementation. .</p> <p>2. In addition, BI has regularly conducted bottom up and top down stress tests since 2003. The stress testing results are used by supervisors to determine that individual bank's capital adequacy is commensurate with its risk profile. In this regard, BI supervisors have the authority to require</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					additional capital above the minimum. Web-links to relevant documents:	
33 (4)	(FSF 2008)	Monitoring the implementation of updated guidance on liquidity risk	II.10 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.	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input checked="" type="checkbox"/> Completed as of July 2009 Overview (short description) of action(s) taken: 1. Bank Indonesia adopted the 2008 Principles for Sound Liquidity Risk Management and Supervision since July 2009 to better align BI's regulatory expectations with the Sound Principles. 2. 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.	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Web-links to relevant documents:	
34 (4)	(FSB 2009)	Enhancing banks' operations in foreign currency funding markets	Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input checked="" type="checkbox"/> Draft regulations/guidelines published as of 2001 (revised version of 1998)</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: Bank Indonesia has net open position regulation since 2011 that limits banks to have NOP of maximum 20% of total regulatory capital. The average NOP is currently considered low (1.2% as of February 2012). The NOP of individual bank is used as part of market risk capital charge assessment.</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>

# (# in brackets are from 2011 template)	G20/FSB Recommendations		Deadline	Progress to Date	Planned Next Steps	
35 (39)	(Pitts)	Robust, transparent stress test	We commit to conduct robust, transparent stress tests as needed.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input checked="" type="checkbox"/> Draft regulations/guidelines published as of 2003</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 2003</p> <p>Overview (short description) of action(s) taken: BI requires 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 the individual bank's capital adequacy that is commensurate with its risk profile.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any): Bank Indonesia will continue to conduct robust, transparent stress tests as regular macro-prudential surveillance tools.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
36 (40)	(Pitts)	Efforts to deal with impaired assets and raise	Our efforts to deal with impaired assets and to encourage	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p>	Planned actions (if any):

# (# in brackets are from 2011 template)	G20/FSB Recommendations		Deadline	Progress to Date	Planned Next Steps	
		additional capital	the raising of additional capital must continue, where needed.		<input checked="" type="checkbox"/> Draft regulations/guidelines published as of 2005 <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input checked="" type="checkbox"/> Completed as of 2005 Overview (short description) of action(s) taken: Bank Indonesia has regulations over asset quality of banks which require banks to establish provisions for their impaired assets, as a charge to profit and loss. Therefore, banks shall provide adequate capital to cover this provision charges. Web-links to relevant documents:	Expected commencement date: Web-links to relevant documents:
37 (41)	(WAP)	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	Ongoing	Implementation ongoing: <input checked="" type="checkbox"/> Draft regulations/guidelines being developed, expected publication by 2013 <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input checked="" type="checkbox"/> Others, please specify: On going	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

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			appropriate.		<input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: 1. Under the current transparency and disclosure regulations, Bank Indonesia has required banks to disclose their key risks (predominantly credit, market, liquidity risks, and operational risk). Insurance supervisor requires insurers to submit “risk based capital” solvency statements quarterly in addition to annual financial statements. 2. BI is in the process to amend regulation concerning Transparency of Financial Condition to be in line with disclosure requirements under Pillar 3 framework and other domestic laws/regulations such as accounting standards and the new public accountant law. Web-links to relevant documents:	
8. Strengthening deposit insurance						
38 (42)	(FSF 2008)	Review of national deposit insurance arrangements	VI.9 National deposit insurance arrangements should be reviewed against the agreed	Ongoing	No response required for this survey. Please refer to peer review report on deposit insurance systems published in February 2012, available at: http://www.financialstabilityboard.org/publications/r_120208.pdf	

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			international principles, and authorities should strengthen arrangements where needed.			
9. Safeguarding the integrity and efficiency of financial markets						
39 (new)	(Cannes)	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.	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: Not applicable. Web-links to relevant documents:	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations		Deadline	Progress to Date	Planned Next Steps	
40 (new)	(Cannes)	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	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
				<input type="checkbox"/> Others, please specify: <input type="checkbox"/> Completed as of <p>Overview (short description) of action(s) taken: Not applicable.</p> <p>Web-links to relevant documents:</p>		

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012			
10. Enhancing consumer protection						
41 (new)	(Cannes)	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	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input checked="" type="checkbox"/> Draft regulations/guidelines published as of 2004 <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input type="checkbox"/> Completed as of <p>Overview (short description) of action(s) taken: Bank Indonesia has enforced customer protection regime in banking sector since 2004. This regime is implemented via various modalities including: a) empowering customers through the establishment of a mechanism for customer complaints; b) taking the role as an independent</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			jurisdictions.		<p>mediation agency; c) improving transparency of information on banking products, and d) public education.</p> <p>2. In addition, Indonesia has also established a National Agency for Customer Protection that commenced operations in 2011. This agency will also be responsible for handling customer protection for financial services.</p> <p>Web-links to relevant documents:</p>	

Origin of recommendations:

Cannes: The Cannes Summit Final Declaration (3-4 November 2011)

Seoul: The Seoul Summit Document (11-12 November 2010)

Pitts: Leaders' Statement at the Pittsburgh Summit (25 September 2009)

Lon: The London Summit Declaration on Strengthening the Financial System (2 April 2009)

Tor: The G-20 Toronto Summit Declaration (26-27 June 2010)

WAP: 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)

Index of acronyms

Example:

FSB: Financial Stability Board

BI: Bank Indonesia

Bapepam-LK: Indonesian Capital Market and Non-Banks Supervisory Agency

LPS: Indonesian Deposit Insurance Corporation

OJK: Indonesian Financial Services Authority