

New OJK Shareholder Reporting Regulation for Public Companies

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The Indonesian Financial Services Authority (“OJK”) has issued a regulation relating to the reporting of shareholding ownership and encumbrance activities for public companies¹ (“POJK 4/2024”).

POJK 4/2024 came into effect on 28 August 2024 and replaces POJK No. 11/POJK.04/2017 on Reporting of Shareholding Ownership or Any Changes of Shareholding Ownership of Public Companies.

Key Changes

The notable changes from the previous OJK regulation include:

- *Controlling party reporting obligation*

POJK 4/2024 imposes an obligation to report the shareholding ownership in public companies and any changes thereof to the controlling party(s) of a public company (under the existing regulation, the shareholding reporting obligation is only for a director/commissioner shareholder and a party holding voting rights of at least 5% of the total shares). The report applicable to the controlling party must also include an explanation as to whether such a controlling party intends to maintain control of the relevant public company or not.

- *Changes to be reported – percentage unit*

POJK 4/2024 imposes an obligation to submit a report for any change in the “percentage unit” of ownership of shares with voting rights (under the previous regulation, it is for any change of 0.5% shareholding ownership). Fraction numbers will be rounded down to determine whether there is a change or not but will not be rounded up.

As examples, a change from 5.1% to 6.2% is subject to reporting (as it will be deemed as change from 5% to 6%), however, change from 6.1% to 6.99% is not subject to reporting obligation (as it will not be deemed as a change to 7% but is still viewed as 6%²).

- *Timeline*

The report is to be submitted no later than 5 working days after the change occurred (under the previous regulation it was 10 calendar days).

- *New reporting obligation in respect of encumbrances of shares in a public company*

¹ OJK Regulation No. 4 of 2024 on the Report on Shareholding Ownership or Any Changes in the Shareholding Ownership of Public Companies and Report on the Activity of Encumbrance of Shares of Public Companies.

² Specific example from POJK 4/2024.

Under POJK 4/2024, there is new obligation for a shareholder of a public company to report its activity in encumbering its shares in the public company, in the event the encumbered shares represent at least 5% of shares with voting rights in such public company. This 5% percentage is calculated either from a time of transaction or as the accumulation of several encumbrances. Encumbrances include a pledge of shares or fiduciary encumbrance of shares.

The report must be submitted no later than 5 working days after signing of the encumbrance agreement resulting in the fulfillment of a 5% percentage.

The obligation to submit this encumbrance activity report is also for any change in the “percentage unit” of encumbered shares, same as for shareholder ownership reporting obligation. Fraction numbers will also be rounded down to determine whether there is a change or not.

Form and content of the report must be in a format as provided in the Attachment of POJK 4/2024, which includes the identities of the shareholder and the public company, percentage of the encumbered shares, the amount of relevant facility/loan secured by the encumbrance, the type of transaction, the date and term of the agreement, and the affiliation relationship between the parties in the encumbrance activity, if any.

- *Electronic reporting*

If OJK has provided an electronic reporting system for the report under this new regulation, submission of the above two reports must be done electronically no later than three working days after either the occurrence of the changes or the execution of the encumbrance agreement.

Applicability and Impact

In addition to the usual director/commissioner shareholder or 5% or more shareholder of a public company upon which the shareholding reporting obligation is applicable, a controlling party and a shareholder of a public company that intends to encumber its shares representing 5% or more shareholding now must also take into consideration the reporting/disclosure obligation under POJK 4/2024. Certain information on the encumbrance transactions and the underlying loan/facility agreement may also need to be disclosed as described above.

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