

## Labor Services: New Regulations

by Galih Adi Prasetya

Indonesia's new business licensing regime, including the introduction of the Online Single Submission System (the **OSS**), has meant that many new regulations have been introduced to bring all systems into compliance with the new regime. Recently, the Minister for Manpower of the Republic of Indonesia (**MoM**) has enacted a new regulation to protect laborers and to bring Indonesia's labor systems in line with the OSS (the **Regulation**).



Image source: <https://www.mcafeetaft.com>

The Regulation:

- requires that any labor service agreement between a labor service provider company (**Service Provider Company**) and an employer company must include the obligation to comply with workers' rights;
- removes the requirement for the company to submit a copy of the employment agreement to the MoM when registering the that an agreement has been entered into;
- removes the requirement for an operating license. Now Regulation 18 requires that a Service Provider Company only needs to obtain a business license;
- removes the requirement for continual business license extension by extending the validity for as long the Service Provider Company carries on its business; and
- introduces administrative sanctions for failure to comply (such as warning

letters and temporary suspension of the license) and abolishes harsher sanctions such as license revocation.

Moving forward, the Regulation requires that all business licenses must be applied for via the OSS and any licenses granted prior to the Regulation must be registered with the OSS.

\*Minister for Manpower of Republic of Indonesia Regulation No. 11 of 2019 on the Second Amendment of Minister for Manpower of Republic of Indonesia Regulation No. 19 of 2012 on the Requirements for Transfers of Partial Work to Other Companies.

## Things You Need to Know About Auction Houses

by Fahres Lay

On 5 August 2019, the Minister of Finance of Indonesia issued new regulations relating to the operation and management of auction houses (the **2019 Regulations**).<sup>\*</sup> The 2019 Regulations set out a comprehensive scheme on the operation and management of auction houses including subjects such as licenses, rights, obligations, sanctions and government supervision.



Image source: <https://www.shutterstock.com>

An auction house is a legal entity that must be established in the form of a limited liability company. The shares of the limited liability company may belong to either the national private sector, State Owned Enterprises, Regional Owned Enterprises or a mix of private sector, state and regional owned enterprises, and foreign enterprises.

The Minister of Finance is responsible for overseeing the operation of auction houses including the right to issue, revoke and suspend licences. The Minister delegates certain supervisory functions to the Director General of State Assets including monitoring and licensing. The Director General may also carry out remedial action and/or issue sanctions including the ability to

suspend or revoke a permit or to freeze the funds of an auction house.

The 2019 Regulations require that an auction house must have a licence before it can operate. The licence application must be submitted to the Director General.

The 2019 Regulations set the minimum paid-up capital for auction houses based on the region in which they operate, including, for auction houses operating:

- in **JABODETABEK** (*Jakarta, Bogor, Depok, Tangerang, Bekasi*), referred as zone I, Rp 10 billion;
- in the region of Madura and Java, outside of zone I, Rp 5 billion; and
- outside of zone I and II, referred as Zone III, Rp 3 billion.

The 2019 Regulations give properly licenced auction houses the right to carry out non-voluntary auctions of assets in certain circumstances.

<sup>\*</sup>Ministerial Decree of Finance No. 113 PMK 06 2019. This new regulation revoked Regulation of Minister of Finance No.176 2010 and the related regulation No.160 2013.

## Management and Use of Oil and Gas Data

by Fahres Lay

On 1 August 2019, the Minister for Natural Energy Resources issued new regulations<sup>1</sup> for the management and use of oil and gas data (the **2019 Regulations**). The 2019 Regulations reflect advances in technology that render the previous regulations on the topic (No. 27 of 2006) no longer fit for purpose. The 2019 Regulations will enable potential investors to access oil and gas exploration and exploitation data online; to stimulate investment in the sector.



<https://www.insidewallstreetreport.com/2015/07/06/a-10-yield-and-a-bet-on-rising-oil-prices/>

Properly managed and processed data plays a vital role in the location and exploitation of oil and gas deposits. The 2019 Regulations will support the industry by ensuring that information sharing is fast and efficient.

All data gathered, including from exploration, research, exploitation must be submitted to the Data Centre for Information on Mineral Resources, known as PUSDATIN ESDM. The data gathered from oil and gas site studies must be

submitted to the Director General. In addition, all data gathered by contractors for the SKKMIGAS (Special Work Unit for the Execution of Oil and Gas Business Activities) but be submitted.

The 2019 Regulations sets clear processes and procedures for the collection, processing and storage of data so that it is easily searchable and accessible. Once collected, the data is categorized into data owned by the state and data collected as a result of a con-

tract. The 2019 Regulations introduces two further classification categories; open and confidential.

Data may be accessed online. Data that is open and not owned or bound by contract will be accessible to the public. General, high level data will be available for free and more detailed data will be available on the purchase of a “membership”.

<sup>1</sup> Decree of the Minister for Energy and Mineral Resources No 7 2019.

## Regional Securities Companies: New Regulations

by Galih Adi Prasetya

The Financial Services Authority (**OJK**) has enacted new regulations (**Regulations**)<sup>1</sup> to increase the role of security companies in regional economies and to expand capital markets awareness in regional areas.



Image source: <https://www.yazilimbilimi.org/bilgi-guvenligi-ve-siber-guvenlik-arasindaki-farklar-nelerdir/>

As with all businesses operating in Indonesia, the Regulations require that regional securities companies obtain a business license from the OJK. Further, the Regulations state that a regional securities company must:

- not be controlled, directly or indirectly, by foreigners;
- have a minimum-paid up capital of Rp 5 billion and a minimum adjusted working capital (*Modal Kerja Bersih Disesuaikan*) of Rp 3.75 billion;

- not open any branches in regions other than the region in which its head office is located;
- only provide services for customers who are domiciled in the region that it is located.

The Regulations set out provisions on corporate governance, anti-money laundering and terrorism financing prevention. The Regulations state that candidates must pass an test, conducted by the OJK, to ensure that they

are fit and proper candidates to hold management positions and/or become controlling shareholders. The Regulations also provide that members of the board of directors must be domiciled in Indonesia and may not work for any other company.

The Regulations set out reporting obligations and regional securities companies must submit financial statements and activity reports to the OJK. The Regulations set out sanctions for failure to comply with its provisions, which are administrative in nature, such as warning letters, the suspension or revocation of a business license and fines.

<sup>1</sup> Financial Services Authority Regulation No. 18/POJK.04/2019 on the Regional Securities Companies.

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