

NEW BANK INDONESIA REGULATIONS

On 29 December 2010 Bank Indonesia issued a new regulation related to Offshore Loan Reporting to Bank Indonesia. This was followed by the issuance of its implementing regulation on 20 January 2011. These new regulations revoke previous regulations on Offshore Loan Reporting to Bank Indonesia and now require further types of loans to be reported by Indonesian borrowers. Changes provided in the new regulations also include, among others, a new time limit for reporting and a requirement for the reporting party to appoint an officer or responsible person to draft, verify and submit the report.

The new requirements above should also be considered together with the existing requirements for non-bank corporate borrowers to submit preliminary Offshore Loan Reports to Bank Indonesia.

Importantly for all recipients of offshore loans, there is now indication that the Government will soon commence the imposition of sanctions for breaches of the regulations. Whilst sanctions have existed previously these were never actually enforced in practice. This situation may well change.

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