

LIMITATION ON FRANCHISE OUTLETS OWNERSHIP

Feb 11, 2013

Further to the issuance of Regulation No. 53/M-DAG.PER/8/2012 on Organizing a Franchise Business, the Ministry of Trade issued Regulation No. 68/MM-DAG/PER/10/2012 on Retail Shop Business Franchises ("Regulation No. 68"). Under Regulation No. 68, ownership of company-owned outlets is limited to 150 outlets. Exemptions are given for a franchisor and a franchisee that owns 150 outlets but have not yet earned profits as evidenced by audited financial statements and where a franchisor wishing to expand its outlets in local area outside Jakarta, is unable to find a local business entrepreneur which can be a franchisee, based on an evaluation from an Appraisal Team.