

**THE PRESIDENT OF  
THE REPUBLIC OF INDONESIA**

ELUCIDATION  
OF  
ACT OF THE REPUBLIC OF INDONESIA  
NUMBER 24 OF 1999  
CONCERNING  
THE FOREIGN EXCHANGE FLOW  
AND EXCHANGE RATE SYSTEM

GENERAL

The national development is conducted by the Indonesian to establish a just and prosperous society based on Pancasila and the Constitution of 1945. In order to boost the national economic development, one of the most important instrument and financial source is Foreign Exchange. To increase the foreign exchange income, since 1970 the Government has implemented the free Foreign Exchange System.

The implementation of the free Foreign Exchange System which is not proceeded by a Foreign Exchange Flow monitoring policy and Exchange Rate System policy, may surface a negative impact for the national economy. To prevent the negative impact, the free Foreign Exchange system must be supported by a sufficient new act, simultaneously abolishing the uncertainty of law that has been practiced, by revoking the Act Number 32 of 1964.

The implementation of the Foreign Exchange System and Exchange Rate System shall be conducted by Bank Indonesia as the monetary authority which is responsible in maintaining the stability of the rupiah value. The effort must be supported by an effective Foreign Exchange Flow monitoring system. For that purpose Bank Indonesia has the authority to request information and data concerning the activity of the Flow of Foreign Exchange and prescribe a provision concerning the Foreign Exchange activity which is based on the prudential principle.

## ARTICLE BY ARTICLE

### Article 1

#### Number 1

Self explanatory

#### Number 2

Self explanatory

#### Number 3

Self explanatory

#### Number 4

Self explanatory

### Article 2

#### Paragraph (1)

The meaning of free to own Foreign Exchange is that a Resident that has obtained and owned a Foreign Exchange shall not sell it to the state.

The meaning of free to free use Foreign Exchange is that a Resident may conduct a Foreign Exchange activity among other things for international trade, money market transaction and stock exchange transaction.

#### Paragraph (2)

Self explanatory

### Article 3

#### Paragraph (1)

In conducting its authority, Bank Indonesia shall actively request for information and data concerning the Foreign Exchange Flow conducted by a Resident.

In the condition that the correctness of an information and data submitted is doubtful, Bank Indonesia shall examine the virtue of the information and data requested, including requesting accounting evidences, records and documents that are related to the reporting of the Foreign Exchange activity.

Paragraph (2)

Information and data concerning the Foreign Exchange Flow shall at least cover the value and type of transaction, aim or purpose of the transaction, transaction participant and country of destination or the origin of the transaction participant. The meaning of other parties are related parties to the Foreign Exchange Flow activity like banks, financial institution, non-bank financial institution and international transaction service provider.

Paragraph (3)

The main substances of the provision that shall be prescribed by a Bank Indonesia Regulation shall among other things consist of :

- a. the procedures and methods in submitting information and data;
- b. the parties that shall submit information and data;
- c. information and data concerning the Foreign Exchange Flow activity that shall be submitted;
- d. sanction for violation.

Article 4

Paragraph (1)

The meaning of Prudential Principle is one of the measures to minimize business risks in managing a bank, either through provisions prescribed by Bank Indonesia or the bank's internal provision.

Paragraph (2)

The main substances of the provision that shall be prescribed by a Bank Indonesia Regulation among other things may be in the form of :

- a. a policy guideline standard and Foreign Exchange activity procedure;
- b. a Net Foreign Exchange Position ratio;
- c. the limitation of potential and actual loss against the capital.

Article 5

Paragraph (1)

The stipulation of the Exchange Rate System as referred to in this paragraph is conducted through a Presidential Decree.

Bank Indonesia shall carefully and accurately assess the Exchange Rate System proposed to the Government.

The Exchange Rate System among other things may be in the form of :

- a. a fixed Exchange Rate System; or
- b. a floating Exchange Rate System; or
- c. a managed floating Exchange Rate System.

Paragraph (2)

Self explanatory

Paragraph (3)

The main substances of the provision that will be prescribed in a Bank Indonesia Regulation among other things may be in the form of :

- a. the devaluation or revaluation of the rupiah against a foreign currency;
- b. the stipulation of daily exchange rate and the stipulation of the intervention band;
- c. the trend of rupiah appreciation or depreciation;
- d. the activity of Bank Indonesia intervention.

Article 6

Self explanatory

Article 7

Paragraph (1)

Self explanatory

Paragraph (2)

The meaning of a fine is the obligation to pay a certain amount of money as a result of non-compliance of a provision in this act. The sanction of a fine may be imposed against violations among other things against delays, incompleteness or the negligence of submitting a report.

Paragraph (3)

The main substances of the administrative sanction provision that shall be prescribed in the Bank Indonesia Regulation contains among other things :

- a. the methods of imposing sanctions;
- b. the types of violations that may be imposed by sanctions;
- c. the amount of fine.

Article 8

Self explanatory

Article 9

Self explanatory

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF INDONESIA  
NUMBER 3844.