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Recalibrating the Regulation of Investment Managers in Indonesia

under Financial Services Authority Regulation No. 5 of 2026 concerning the Conduct of Investment Manager Business Activities



Background

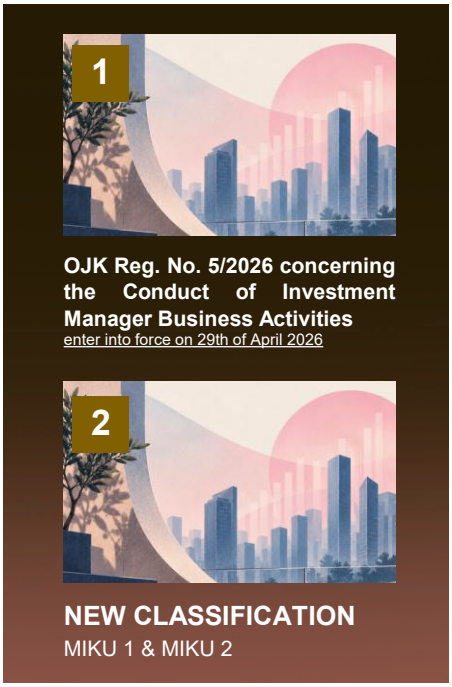
The Law No. 4 of 2023 concerning the Development and Strengthening of the Financial Sector (the "**Law No. 4/2023**"), which amended the Law No. 8 of 1995 concerning Capital Market (the "**Law No. 8/1995**"), imposes new restriction for a Security Company that is acting as an Investment Manager. The recent restriction prohibits a Securities Company acting as an Investment Manager to not concurrently conducting activities as an Underwriter or Securities Broker. This restriction emphasis on maintaining the focus, capacity, and professionalism of Investment Managers in carrying out their investment management functions

The importance of professional and independent investment management are in accordance with the General Overview of the Financial Services Authority Regulation No. 5 of 2026 concerning the Conduct of Investment Manager Business Activities (the "**OJK Reg. No. 5/2026**"). The General Overview viewed Investment Managers to play a strategic role in mobilizing and managing public funds through portfolio management, whether for individual or collective clients. This role calls for a high level of professionalism and regulatory compliance, supported by sound corporate governance, robust risk management, adequate capitalization, and effective consumer protection, in order to maintain an orderly, fair, and efficient Capital Market ecosystem.

The OJK Reg. No. 5/2026

As the investment management industry continues to evolve, the regulatory framework governing Investment Managers likewise needs to remain aligned with developments in the law, institutional arrangements, and industry practices dynamics, while providing greater legal certainty. The OJK Reg. No. 5/2026 that was effective from 29 April 2026 responds to the need of these developments by introducing a more comprehensive regulation for Investment Manager by classifying them according to the scope of business activities namely Investment Manager based on Business Activities (Manajer Investasi Klasifikasi Usaha) 1 ("**MIKU 1**") and Investment Manager based on Business Activities 2 ("**MIKU 2**"). The class determines the scope of Investment Manager may undertake and, consequently, the regulatory requirements and institutional capacities that must be satisfied to conduct such activities.

Accordingly, these changes therefore warrant closer examination, and the implications of the new framework for Investment Managers operating under the previous regulatory regime, as discussed on the next page.



Evolution of Business Scope for Investment Managers

from a single lisence to a tiered regulatory model under OJK Reg. No. 5/2026

REGULATORY FRAMEWORK

Law No. 8/1995, as amended by Law No. 4/2023

Under the Law No. 8/1995, as amended by Law No. 4/2023, an investment Manager was not formally divided into different category of business activity.

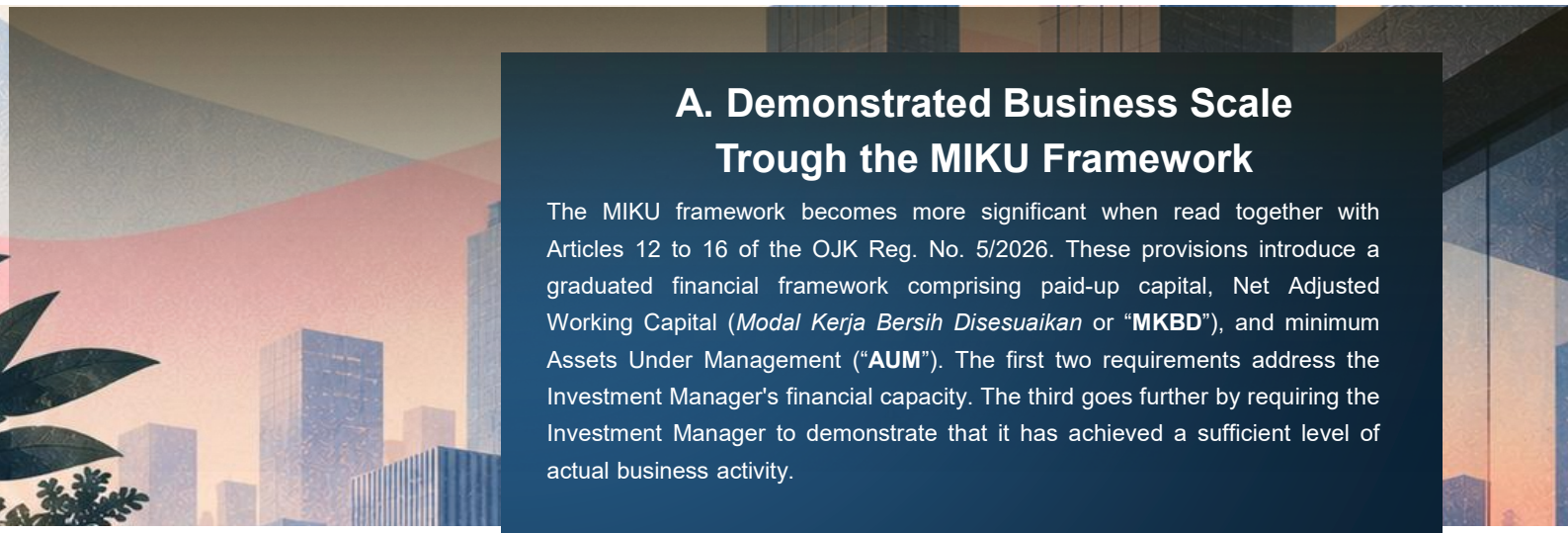
DEFINITION

An Investment Manager is a party whose business activity is managing Securities portfolios, collective investment portfolios, and/or other investment portfolios for the benefit of a group of clients or individual clients, excluding Insurance Companies, Sharia Insurance Companies, Pension Funds, and Banks conducting their own business activities pursuant to the prevailing laws and regulations.

REGULATORY FRAMEWORK

OJK Reg. No. 5/2026

Scope	MIKU 1	MIKU 2
Individual Portfolio Management	✓	✓
Specified Investment Products	✓	✓
Collective Investment Portfolios Generally	Restricted by Art. 5	✓
Other Investment Portfolios under Article 3(1)	Restricted	✓
Other activities determined/approved by OJK	Subject to Art. 3(1)	✓



A. Demonstrated Business Scale Trough the MIKU Framework

The MIKU framework becomes more significant when read together with Articles 12 to 16 of the OJK Reg. No. 5/2026. These provisions introduce a graduated financial framework comprising paid-up capital, Net Adjusted Working Capital (*Modal Kerja Bersih Disesuaikan* or "**MKBD**"), and minimum Assets Under Management ("**AUM**"). The first two requirements address the Investment Manager's financial capacity. The third goes further by requiring the Investment Manager to demonstrate that it has achieved a sufficient level of actual business activity.

Under the previous framework, an Investment Manager operated under a single licensing framework. Appendix V.A.3 to Decree of the Chairman of Bapepam-LK No. KEP-479/BL/2009, as amended by Decree of the Chairman of Bapepam-LK No. KEP-26/BL/2010, permitted an Investment Manager to manage Securities portfolios for individual clients, collective investment portfolios through regulated vehicles or products, and other activities in accordance with the applicable capital market regulations. There was no formal classification of Investment Managers according to the breadth of their business activities.

Paid-Up Capital

Previous Regulation:

Article 41 paragraph (4) of the Financial Services Authority RegulationNo. 3/POJK.04/2021 concerning the Conduct of Activities in the Capital Markets Sector ("OJK Reg. No. 3/2021")

required a Securities Company conducting business activities as an Investment Manager to maintain minimum paid-up capital of Rp 25.000.000.000,-

The New regulation:

Article 12 of the OJK Reg. No. 5/2026

- MIKU 1: minimum paid-up capital of Rp 25.000.000.000,-
- MIKU 2: minimum paid-up capital of Rp 50.000.000.000,-



Net Adjusted Working Capital (MKBD)

The differentiation is even more apparent in the MKBD requirement as follows:

Previously:

Article 2 paragraph (4) of the Financial Services Authority Regulation No. 52/POJK.04/2020 concerning the Maintenance and Reporting of Net Adjusted Working Capital ("OJK Reg. No. 52/2020")

required an Investment Manager to maintain minimum MKBD of Rp 200.000.000.000,- plus 0.1% of total AUM.

The New Regulation:

Article 13 of the OJK Reg. No. 5/2026

- MIKU 1: minimum of Rp 5.000.000.000.000,- + 0.1% of the value of AUM; and
- MIKU 2: minimum of Rp 10.000.000.000.000 + 0.1% of the value of AUM.



B. Why the AUM Requirement Matters

3 (three) key points under Articles 12 to 16 of the OJK Reg. No. 5/2026:

Paid-up capital — Article 12
Does the Investment Manager have sufficient initial capital to operate within its MIKU classification?

MKBD — Article 13
Does it maintain sufficient adjusted working capital relative to the scale of assets it manages?

AUM — Articles 14–16
Has it achieved, and can it continue to sustain a sufficient level of actual business activity?

An Investment Manager may have the required paid-up capital and maintain the required MKBD, but if it is unable to build the prescribed AUM within the relevant period, the regulatory framework calls into question whether **the Investment Manager has achieved the scale of business that justifies the continuation of its license**.

An Investment Manager choosing MIKU 2 is effectively electing to operate within a broader business perimeter, **but in exchange** it must support that perimeter with Rp 50.000.000.000,- of paid-up capital, minimum MKBD of Rp 10.000.000.000,- plus 0.1% of AUM, and eventual AUM of at least Rp 1.000.000.000.000,- .

MIKU 1 carries a narrower business perimeter and correspondingly lower financial thresholds. Therefore, the broader the permitted business scope, the greater the financial capacity and demonstrated business scale required to sustain it.

The Three-Year Period

The 3 (three)-year period under Article 14 of the OJK Reg. No. 5.2026 should not be understood simply as a grace period in the conventional sense. For a new Investment Manager, the 3 (three)-year period gives the Investment Manager time to build the required AUM after obtaining its license.

However, the regulatory obligation does not end once the threshold is reached. Article 14 expressly provides that the applicable amount becomes the minimum AUM throughout the period in which the Investment Manager holds its license, while Article 15 establishes the continuing 120-Exchange-Day test after the 3 (three)-year period.

For an existing Investment Manager:

Article 100:

- Elect between MIKU 1 and MIKU 2 and submit the relevant action plan within 6 (six) months from the promulgation of the OJK Reg. No. 5/2026.
- Failure to make the election within that period results in the Investment Manager being deemed to have elected MIKU 2.
- The progress of the action plan must then be reported to OJK monthly for 3 (three) years.

The substantive adjustment period then depends on the selected classification. An existing Investment Manager electing MIKU 1 has up to 3 (three) years to align its existing Investment Products with the MIKU 1 business perimeter. During this period, it may not add new Investment Products or new clients in respect of products falling outside the MIKU 1 scope, and it must apply the MIKU 2 functions to the management of those existing products. The adjustment must also take into account client interests and consumer protection.

On the other hand, an existing Investment Manager electing MIKU 2, meanwhile, must satisfy the higher requirements concerning paid-up capital, MKBD, AUM and the Director responsible for the compliance function within 3 (three) years from the promulgation of the OJK Reg. No. 5/2026. Article 103 of the OJK Reg. No. 5/2026 expressly permits the use of a merger, consolidation or acquisition to satisfy these requirements. Failure to meet the applicable requirements within the prescribed period ultimately requires the Investment Manager to return its business license to OJK under Article 104 of the OJK Reg. No. 5/2026.

Legal Insight Publication is published periodically to provide information on changes and/or updates to applicable laws and regulations. Should you have any questions or comments regarding this topic, please do not hesitate to contact us.

Thank You



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